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elected
BOARD of SUPERVISORS



401 Van Ness Avenue, Room 308
San Francisco 94102-4532
554-5184

NOTICE OF CANCELLED MEETING

FINANCE COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

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NOTICE IS HEREBY GIVEN That the regularly scheduled Finance
Committee meeting of Wednesday, November 4, 1998, at 1:00 p.m., at
401 Van Ness Avenue, Room 410, has been cancelled.

A handwritten signature in cursive script, reading "Gloria L. Young".

Gloria L. Young
Clerk of the Board



City and County of San Francisco

Meeting Agenda

Finance Committee

Members: Supervisors Mabel Teng, Barbara Kaufman, Gavin Newsom

Clerk: Joni Blanchard

Veterans Building
401 Van Ness Avenue,
Room 308
San Francisco, CA
94102-4532

Monday, November 09, 1998

11:00 AM

Veterans Building, 401 Van Ness Ave.,
Room 410, San Francisco, CA 94102

Special Meeting

SPECIAL AGENDA

1. 981799 [Parking Ticket Amnesty Program]

Supervisors Teng, Yaki,
Katz, Brown, Leno,
Medina

Resolution urging the Department of Parking and Traffic to implement a 15 day amnesty program to waive penalties on outstanding parking tickets by reducing the amount due to an amount equal to the original fine; and urging that the amnesty program have a simple and easy application process; and urging the Department of Parking and Traffic to implement this amnesty program from December 1st through December 15th 1998 on tickets dating back as far as October of 1993.

10/26/98, RECEIVED AND ASSIGNED to Finance Committee.

2. 981503 [Campaign Consultant Fees]

Ordinance amending Administrative Code by amending Section 16.543(c) to add a fee schedule for campaign consultants and to require the Ethics Commission to evaluate the fee schedule in 1999 and propose any amendments to the fee schedule to the Board of Supervisors for approval by December 1, 1999. (Ethics Commission)

(Amends Section 16.543(c).)

9/16/98, RECEIVED AND ASSIGNED to Finance Committee.

10/7/98, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ginny Vida, Ethics Commission - support.

Chair may entertain a motion to send this item as a committee report for consideration by the Board of Supervisors at its meeting of November 9, 1998.

3. 981508 [Living Wage Task Force]

Supervisor Kaufman

Resolution establishing an advisory task force to evaluate the impact of living wage proposals on San Francisco's economy, businesses, non-profit organizations and residents and setting forth the membership and duties of the task force. (Living Wage Task Force)

9/14/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 10/14/1998.

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IMPORTANT INFORMATION

NOTE: Persons unable to attend the meeting may submit to the City, by the time the proceeding begins, written comments regarding the agenda items above. These comments will be made a part of the official public record and shall be brought to the attention of the Board of Supervisors. Any written comments should be sent to Committee Clerk, Finance Committee, San Francisco Board of Supervisors, 401 Van Ness Avenue, Room 308, San Francisco, California 94102 by 5:00 p.m. on the day prior to the hearing. Comments which cannot be delivered to the committee clerk by that time may be taken directly to the hearing at the location above.

Adjournment

LEGISLATION UNDER THE 30-DAY RULE

Rule 5.40 provides that when an ordinance or resolution is introduced which would CREATE OR REVISE MAJOR CITY POLICY, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. The provisions of this rule shall not apply to the routine operations of the departments of the City or when a legal time limit controls the hearing timing. In general, the rule shall not apply to hearings to consider subject matter when no legislation has been presented, nor shall the rule apply to resolutions which simply URGE action to be taken.

- | | | | |
|----|--------|--|---|
| 4. | 981707 | [Gift Certificates for Payment for Parking and City Garages] | Supervisor Kaufman |
| | | Ordinance amending Administrative Code by amending Section 2A.180 to grant authority to the Department of Parking and Traffic to sell gift certificates for payment for parking at city garages. | |
| | | (Amends Section 2A.180.) | |
| | | 10/13/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/13/1998. | |
| 5. | 981796 | [ATM Surcharges] | Supervisors Ammiano, Bierman, Medina, Yee |
| | | Ordinance amending Police Code by adding Section 648.1 to prohibit a financial institution from imposing a surcharge on non-account holders who use ATMS of the financial institution that are located in San Francisco. | |
| | | (Adds Section 648.1.) | |
| | | 10/26/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/25/1998. | |
| 6. | 981810 | [New Jobs Tax Credit Expansion] | Supervisors Kaufman, Katz, Leno |
| | | Ordinance amending Municipal Code Part III, Sections 906B and 1005.6 to add two additional years of tax credits for new jobs created on or after January 1, 1998. | |
| | | (Amends Part III, Sections 906B and 1005.6.) | |
| | | 10/26/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/25/1998. | |

7. **981812** **[Surplus Business Tax Revenue Credit]** **Supervisors Kaufman, Leno**
- Ordinance amending Municipal Code Part III by adding Section 906E, creating a \$500 payroll expense tax credit to taxpayers for any taxable year ending within a fiscal year of the City and County of San Francisco immediately following a fiscal year for which the City and County has surplus business tax revenue.
- (Adds Section 906E.)
- 10/26/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/25/1998.
-
8. **981813** **[Surplus Business Tax Revenue Credit]** **Supervisors Kaufman, Leno**
- Ordinance amending Municipal Code Part III by adding Section 1005.9, creating a \$500 business tax credit to taxpayers for any taxable year ending within a fiscal year of the City and County of San Francisco immediately following a fiscal year for which the City and County has surplus business tax revenue.
- (Adds Section 1005.9.)
- 10/26/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/25/1998.
-
9. **981844** **[Union Square Business Improvement District]** **Supervisor Kaufman**
- Resolution declaring the intention of the Board of Supervisors to establish a property and business improvement district to be known as the "Union Square Business Improvement District," to order the levy and collection of a multi-year assessment, and setting a time and place for a public hearing thereon (January 25, 1999 at 3:00 p.m. or as soon thereafter as the matter may be heard).
- 11/2/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 12/2/1998.
-
10. **981845** **[Business Improvement District Ballot Procedures]** **Supervisor Kaufman**
- Resolution establishing ballot procedures governing ballots cast by property owners of property located within the boundaries of a proposed business improvement district to be known as the "Union Square Business Improvement District."
- 11/2/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 12/2/1998.
-
11. **981848** **[Assessment Appeals Board Membership]** **Supervisor Kaufman**
- Ordinance amending Administrative Code Sections 2B.1 through 2B.8 and 2B.10 through 2B.14 to increase the number of Assessment Appeals Board members, to establish eligibility requirements for Assessment Appeals Board members, to establish criteria for selection of Assessment Appeals Board panels and hearing officers, to establish guidelines for joint meetings of the Assessment Appeals Boards, and to make nonsubstantive clarifying revisions.
- (Amends Sections 2B.1 through 2B.8 and 2B.10 through 2B.14.)
- 11/2/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 12/2/1998.

Watch future agendas for matters.

Disability Access

Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop, the #71 Haight/Noriega, the F line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.

There is accessible parking in the vicinity of the Veterans Building adjacent to Davies Hall and the War Memorial Complex.

Assistive listening devices are available for use in the Meeting Room and the Board Chamber. A device can be borrowed prior to or during a meeting. Borrower identification is required and must be held by Room 308 staff.

The following services are available on request 48 hours prior to the meeting or hearing:

For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.

For a large print copy of an agenda, contact Moe Vazquez at (415) 554--909.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

**FINANCE COMMITTEE
S.F. BOARD OF SUPERVISORS
VETERANS BUILDING
401 VAN NESS AVENUE, ROOM 308
SAN FRANCISCO, CA 94102**

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BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

November 5, 1998

TO: Finance Committee

FROM: Budget Analyst *Recommendations for Meeting of*

SUBJECT: November 9, 1998 Special Finance Committee Meeting

Item 1 - File 98-1799

Item: Resolution urging the Department of Parking and Traffic (DPT) to implement a 15 day Amnesty Program to waive penalties on outstanding parking citations, charging only the original fine amount and urging that the Amnesty Program utilize a simple and easy application process, and urging DPT to implement this Amnesty Program from December 1 through December 15, 1998 on delinquent parking citations dating as far back as October 1 of 1993.

Description: Under the proposed Amnesty Program, individuals would use postcards to apply for participation in the Amnesty Program. The postcards would be made available at City Hall, Public Libraries, DPT offices and other convenient City locations. The returned postcard would have to be postmarked from December 1 through December 15, 1998 in order to qualify for participation. DPT would mail each applicant a bill showing the original fine amount for each delinquent citation and the total amount due for all citations, exclusive of penalties. Full payment for all citations would be due within 20 days in order to receive amnesty from the penalties.

According to Ms. Kathryn Hile of DPT, the last Amnesty Program for parking citations, which also provided for a waiver of penalties, was held by the City in 1993. At that time, unpaid delinquent parking citations had a total value of approximately \$25 million. The total number of delinquent citations in 1993 is not known according to DPT. The 1993 Amnesty Program was advertised for two months and had a one month period of amnesty on citations issued up to five years prior to the Amnesty Program. Ms. Hile reports that approximately 80,000 citations were paid during the 1993 Amnesty Program, which resulted in DPT collecting approximately \$2.1 million in previously uncollected citation revenue. Ms. Hile adds that DPT does not know the amount of the loss of revenue to the City that resulted from the waiver of penalties in the 1993 Amnesty Program.

Ms. Hile reports that currently the City has 1.8 million unpaid delinquent parking citations with a total value of approximately \$70 million. DPT estimates that the proposed Amnesty Program would result in approximately 10,000 participants paying 44,000 citations, resulting in \$1.2 million in revenues to the City from the delinquent parking citations. Ms. Hile estimates that such a collection rate would result in the waiver of approximately \$1 million in penalties which would not be realized by the City.

Comments:

1. According to Mr. Shannon Anderson of DPT, the reason, that the 1993 Amnesty Program collected \$2.1 million in unpaid parking citation fines out of a base of \$25.0 million in delinquent parking citations (8.4 percent), while the proposed Amnesty Program is projected to collect just \$1.2 million out of a base of \$70 million in delinquent parking fines (1.7 percent), is that the 1993 Amnesty Program included: a) a targeted letter to citation recipients who owed the City \$400 or more in delinquent citation fines; and b) amnesty was offered for a period of one month. This proposed Amnesty Program would be offered for 15 days only and DPT would not have time to include a targeted letter to delinquent citation recipients, according to Mr. Anderson.

2. In July of 1998, the Board of Supervisors approved a contract between DPT and PRWT Services Inc. (PRWT) for a new parking citation processing and collection system, which will provide the City with more efficient methods for collection of parking citations. According to the proposed resolution, many citizens have expressed an interest in clearing unpaid parking citations before the new system goes into effect.

3. Mr. Anderson reports that this proposed legislation could negatively effect revenue projections for the PRWT contract in an amount of up to \$1,000,000, the estimated amount of penalties that will be waived if DPT assumptions are correct as to the number of projected participants in the proposed Amnesty Program. However, the loss of revenue due to the waiver of penalties could be partially offset if the Amnesty Program results in payment of delinquent parking citations that would not be otherwise collected in the future by PRWT.

4. The FY 1998-99 total budget for Parking Fine Revenues, which are allocated to the Municipal Railway operating budget, is \$56,483,502. According to Mr. John Madden, Assistant Controller, FY 1998-99 Parking Fine Revenues would not be adjusted at this time because of the uncertainty regarding the effect of the proposed Amnesty Program on total revenue collections.

Recommendation:

Approval of this proposed resolution is a policy matter for the Board of Supervisors.

Item 2 - File 98-1503

Note: This item was continued to the Call of the Chair by the Finance Committee at its meeting of October 7, 1998. The Ethics Commission met on November 2, 1998 to reconsider this campaign consultant fee proposal and is now recommending a change in the proposed fee schedule that is contained in this ordinance. The following report reflects the proposed Ethics Commission's recommendations, which will be introduced as an Amendment of the Whole at the November 9, 1998 Special Finance Committee Meeting.

Department: Ethics Commission

Item: Ordinance amending Article XIIC of the San Francisco Administrative Code by amending Article XIIC, Section 16.543(C) to add a fee schedule for campaign consultants and to require the Ethics Commission to evaluate the fee schedule in 1999 and propose any amendments to the fee schedule to the Board of Supervisors for approval by December 1, 1999.

Description: In November of 1997, the voters approved Proposition G, the Campaign Consultants Ordinance, Article XIIC, Sections 16.540 to 16.547 of the Administrative Code. The ordinance defines a campaign consultant as "any person or entity that receives or is promised economic consideration equaling \$1,000 or more in a calendar year for campaign consulting services", which are in turn defined as "participating in campaign management or developing or participating in the development of campaign strategy." Economic consideration is defined in the ordinance as "any payments, fees, commissions, reimbursements for expenses, gifts or anything else of value", or essentially the gross revenues, including gifts, received by the campaign consultant. The ordinance provides that campaign consultants who earn \$1,000 or more in such gross revenue in a calendar year must register annually and report on a quarterly basis as to gross income received from clients and certain campaign expenditures. Those campaign consultants who earn less than \$1,000 in a calendar year are exempt from the provisions of this ordinance.

BOARD OF SUPERVISORS
BUDGET ANALYST

Under this ordinance, the Ethics Commission is proposing annual fees to be paid by campaign consultants, including (a) registration fees and (b) client fees for each of the campaign consultant's clients. The Ethics Commission intends that these fees would defray part of the Ethics Commission's expenses to administer the Campaign Consultants Ordinance. The proposed fees must be submitted for approval by the Board of Supervisors no later than December 1st for implementation during the following calendar year.

In accordance with Proposition G, this ordinance would establish a schedule of fees to be charged to campaign consultants for Calendar Year 1999. Specifically, (a) campaign consultants having gross revenues of \$1,000 or less per calendar year would be exempt from registration or payment of any fees; (b) campaign consultants with gross revenues of between \$1,000 and \$5,000 annually, would be required to pay a \$50 annual registration fee and a \$50 annual fee for each of the campaign consultants' clients; (c) campaign consultants with gross revenues of more than \$5,000 but not more than \$20,000 per calendar year would pay a \$200 annual registration fee and a \$50 annual fee for each client; and (d) campaign consultants having gross revenues of more than \$20,000 per calendar year would pay a \$400 annual registration fee and a \$50 annual fee for each client.

The proposed ordinance also requires the Ethics Commission to evaluate, on or after July 1, 1999, the fees established under this proposed ordinance, and to propose any changes in the fees for Calendar Year 2000, for approval by the Board of Supervisors by no later than December 1, 1999. If the Ethics Commission takes no action in 1999 regarding proposed fees for Calendar Year 2000, then the fees provided for in the proposed ordinance for Calendar Year 1999 would remain in effect.

Comments:

1. Proposition G, the Campaign Consultants Ordinance, required that the Ethics Commission propose a fee structure for approval by the Board of Supervisors by December 1st for implementation during the following calendar year. According to Ms. Naomi Starkman of the Ethics Commission, there are no existing fees in place for

BOARD OF SUPERVISORS
BUDGET ANALYST

campaign consultants for Calendar Year 1998. As previously noted, the proposed fees would be effective for Calendar Year 1999.

2. According to Ms. Starkman, based on an estimated 35 campaign consultants and a total of 70 clients, or an average of two clients for each campaign consultant, the Ethics Commission estimates that four campaign consultants would earn between \$1,000 and \$5,000 during Calendar Year 1999; 14 campaign consultants would earn between \$5,001 and \$20,000 during Calendar Year 1999; and 17 campaign consultants would earn more than \$20,000 during Calendar Year 1999.

3. As shown in Attachment I provided by Ms. Starkman, the proposed fees are estimated to generate \$15,580 in Calendar Year 1999 or approximately \$7,790 in revenue for Fiscal Year 1998-99.

4. The estimated \$7,790 in revenues for Fiscal Year 1998-99 was not included in the budget of the Ethics Commission due to the lack of information available at the time the Ethics Commission's budget was prepared, according to Ms. Starkman. The proposed ordinance specifies that the fee revenues from campaign consultants realized by the Ethics Commission would accrue to the General Fund.

5. As shown in Attachment II provided by Ms. Starkman, the administrative costs of the Ethics Commission to administer the Regulation of Campaign Consultants Ordinance is estimated at \$28,928 for Calendar Year 1999 or \$14,464 for Fiscal Year 1998-99. According to Ms. Starkman, this \$14,464 cost is not included in the Ethics Commission's Fiscal Year 1998-99 budget. The estimated shortfall for Fiscal Year 1998-99 to administer the proposed ordinance would be \$6,674 (costs of \$14,464 less revenues of \$7,790). Based on estimated revenues of \$7,790 and estimated costs of \$14,464, the proposed revenues would recover approximately 54 percent of the costs. According to Ms. Ginny Vida of the Ethics Commission, the Ethics Commission plans to request a Supplemental Appropriation to cover these estimated costs of \$14,464 for Fiscal Year 1998-99. Ms. Starkman

reports that the proposed fee revenues of \$7,790 would serve as a partial funding source for that Supplemental Appropriation, with the balance of \$6,674 likely coming from the City's General Fund.

6. As noted above, the proposed ordinance would recover approximately 54 percent of the costs to administer the proposed ordinance. According to Ms. Vida, the Ethics Commission recommends at least this cost recovery level because the Controller's statement in the voter's pamphlet for Proposition G said that the proposed ordinance "should not significantly affect the cost of government if the fees authorized to be charged cover all or most of the cost of administration by the Ethics Commission." Ms. Vida reports that, based on the Controller's statement, the Ethics Commission therefore felt that the campaign consultant fees should recover more than 50 percent of the costs of administration.

7. According to Ms. Starkman, after receiving the final campaign consultant reports for FY 1998-99 and evaluating whether changes in the proposed fees are appropriate, the Ethics Commission could propose a revised fee schedule for Calendar Year 2000 for approval by the Board of Supervisors by no later than December 1, 1999 in accordance with the Campaign Consultants Ordinance. Although these fees were originally anticipated to substantially recover the Ethics Commission's actual costs to administer the Campaign Consultants Ordinance, according to Ms. Starkman, the fees for Calendar Year 2000 would most likely be proposed at a level to recover an as-yet-undetermined percentage of the estimated costs, in order to maintain the fees at a reasonable level.

8. Under the proposed ordinance's fee schedule, although the annual registration fee will vary from \$50 to \$400 for campaign consultants, depending on their level of gross revenues, all campaign consultants would be charged the same fee of \$50 annually for each client, irrespective of the campaign consultant's gross revenues. According to Ms. Vida, these fees to be paid by the campaign consultants would most likely be passed on to the campaign consultant's clients. The proposed \$50 per client

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BUDGET ANALYST

Memo to Finance Committee

November 9 , 1998 Special Finance Committee Meeting

fee is the same per client fee currently charged by the Ethics Commission for lobbyists.

Recommendation: Approval of the proposed ordinance, as amended, is a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

55 PERCENT OF THE COST OF ADMINISTRATION COVERED BY FEES

Filers Earning Between \$1,000 and \$5,000
 (\$50 registration fee and \$50 client fee)

	# of filers	Recommended Fee	Total
Campaign Consultant Registration	4	\$50	\$200
Client Registration	8	\$50	\$400

No. days

Late Filing			
Fine	13	\$50	\$650
	2	\$100	\$200

Annual (12 months total)	\$1,450
Total for 6 months FY 98-99	\$725

Filers Earning More Than \$20,000
 (\$400 registration fee and \$50 client fee)

	# of filers	Recommended Fee	Total
Campaign Consultant Registration	17	\$400	\$6,800
Client Registration	34	\$50	\$1,700

No. days

Late Filing			
Fine	13	\$50	\$650
	2	\$100	\$200

Annual (12 months total)	\$9,350
Total for 6 months FY 98-99	\$4,675

Filers Earning Between \$5,000 and \$20,000
 (\$200 registration fee and \$50 client fee)

	# of filers	Recommended Fee	Total
Campaign Consultant Registration	14	\$200	\$2,800
Client Registration	28	\$50	\$1,400

No. days

Late Filing			
Fine	13	\$50	\$650
	2	\$100	\$200

Annual (12 months total)	\$5,050
Total for 6 months FY 98-99	\$2,525

Total revenue for CY 99 = \$15,580

Total cost of administration for CY 99 = \$28,928

Total cost of program covered = 55%

Revenue for FY 98-99 (6 mos.) = \$7,790

Cost of administration for FY 98-99 (6 mos.) = \$14,464

Cost of program covered for FY 98-99 = 55%

**Annual Estimated Costs of Administering
Campaign Consultant Program at 35 filers**

Attachment 11

Tasks	Work Hours	Reproduction Costs	Mailing Costs
Advice	336		
Notification/Mailing	70	\$168	\$700
Intake/Receipt	42		
Facial Audit	42		
Quarterly Report Production/Distribution	224	\$256	\$150
Addition/Termination of Clients	140	\$4	
Bookkeeping	112		
Press Release	12		
Totals	978	\$428	\$850

978 x \$21*
(salary) =
\$20,538 x .21%
(fringes) =
\$4,313 +
\$20,538 =
\$24,851

* Average salaries of Deputy Executive Director,
Executive Director, and Administrative Assistant

Task	Work Hours	Reproduction Costs	Mailing Costs
Formal Audit	120	\$20	\$20

120 x \$19*
(salary) =
\$2,280 x .21%
(fringes) = \$479
+ \$2,280 =
\$2,759

* Salary of Campaign Finance Auditor

	\$24,851 + \$2,759 =		
TOTALS	\$27,610	\$448	\$870

GRAND TOTAL **\$28,928**

\$28,928/35 (estimated number of filers) =

\$826 campaign consultant registration fee

\$826 x .66 (amount of time spent on filer) = \$545

\$826 x .33 (amount of time spent on client) = \$272

\$272/2 (average number of clients) =

\$136 client registration fee

Item 3 – File 98-1508

Item: Resolution establishing an advisory task force to evaluate the impact of living wage proposals on San Francisco's economy, businesses, non-profit organizations and residents; and setting forth the membership and duties of such advisory task force.

Description: According to the Office of the Sponsor of the proposed resolution, a number of cities, including Oakland and Los Angeles recently adopted an ordinance, to require minimum wage and benefit levels which are to be paid to employees of private businesses and some non-profit organizations. Other Cities are considering similar ordinances according to the Office of the Sponsor.

Approval of the proposed resolution would authorize the creation of an advisory task force, to be called the Living Wage Task Force, to evaluate the impact of living wage proposals on San Francisco's economy, businesses, non-profit organizations and residents.

The proposed resolution would authorize the Living Wage Task Force to take the following actions:

- Assist the Board of Supervisors and the Mayor in reviewing various proposals, legislation and studies of the impact of a "living wage" ordinance in the City.
- Study, discuss and provide comments on "living wage" legislative proposals, supporting research and analysis, and related issues; and, communicate findings and recommendations regarding such proposals, research and analysis to the Board of Supervisors and the Mayor.
- Prepare to testify before the Board of Supervisors, if so requested, on "living wage" issues and legislation.
- Appoint a chairperson to convene and run meetings and to work with City staff to ensure that meetings are properly noticed and that the Board of Supervisors is informed of Living Wage Task Force actions.

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- Open the Living Wage Task Force meetings to the public and comply with the City's Sunshine Ordinance.

Under the proposed legislation, the Living Wage Task Force would be comprised of 15 members: one appointed by each member of the Board of Supervisors and the remaining four appointed by the Mayor.

According to the proposed legislation, appointments to the Living Wage Task Force would be made from those individuals who represent small and large businesses, non-profit organizations that contract with the City, labor and other groups potentially affected by the passage of a "living wage" ordinance in the City. Under the proposed legislation, the Department of Administrative Services (DAS) would provide existing staff support to assist the Living Wage Task Force.

The proposed legislation also contains a provision that requires the Living Wage Task Force to terminate within six months of its approval by the Board of Supervisors.

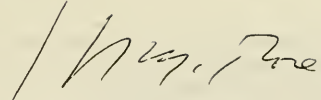
Comments:

1. According to Mr. Steve Nelson of DAS, providing staff support for the Task Force would require less than 10 hours per month and could be achieved with existing budgeted DAS clerical staff.
2. According to the Office of the Sponsor, the members of the Task Force would not receive any compensation for their service on the Task Force.

Recommendation:

Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Memo to Finance Committee
November 9, 1998 Special Finance Committee Meeting



Harvey M. Rose

cc: Supervisor Teng
President Kaufman
Supervisor Newsom
Supervisor Ammiano
Supervisor Bierman
Supervisor Brown
Supervisor Katz
Supervisor Leno
Supervisor Medina
Supervisor Yaki
Supervisor Yee
Clerk of the Board
Controller
Gail Feldman
Matthew Hymel
Stephen Kawa
Ted Lakey

BOARD OF SUPERVISORS
BUDGET ANALYST



City and County of San Francisco

Meeting Minutes Finance Committee

Veterans Building
401 Van Ness Avenue,
Room 308
San Francisco, CA
94102-4532

Members: Supervisors Mabel Teng, Barbara Kaufman, Gavin Newsom

Clerk: Joni Blanchard

Wednesday, November 18, 1998

1:00 PM

Veterans Building
401 Van Ness Ave., Room 410
San Francisco, CA 94102

Regular Meeting

Members Present: Mabel Teng, Gavin Newsom.

Members Absent: Barbara Kaufman.

Meeting Convened

Meeting convened at 1:05 p.m.

CONSENT AGENDA

All matters listed hereunder constitute a Consent Agenda, are considered to be routine and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee so requests, in which event the matter shall be removed from the Consent Agenda and considered as a separate item.

981682 [Emergency Repair, Vallejo Street Sewer]

Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate sewer on Vallejo Street from Van Ness Avenue to Polk Street - \$260,112. (Public Utilities Commission)

(Fiscal impact.)

10/2/98, RECEIVED AND ASSIGNED to Finance Committee.

Speakers: None.

RECOMMENDED..

The foregoing items were acted upon by the following vote:

Ayes: 2 - Teng, Newsom

Absent: 1 - Kaufman

Severed from the Committee Consent Agenda

981683 [Prop J Contract - Security Services]

Resolution concurring with the Controller's certification that security services can be practically performed at the Department of Human Services by private contractor for lower cost than similar work services performed by City and County employees. (Department of Human Services)

9/30/98, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Amended beginning on line 5 after "employees" and on line 18 after "services" to add "; retroactive to October 1, 1998." (See new title). Speaker: Harvey Rose, Budget Analyst.

AMENDED.

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Resolution concurring with the Controller's certification that security services can be practically performed at the Department of Human Services by private contractor for lower cost than similar work services performed by City and County employees; retroactive to October 1, 1998. (Department of Human Services)

RECOMMENDED AS AMENDED.. by the following vote:

Ayes: 2 - Teng, Newsom

Absent: 1 - Kaufman

REGULAR AGENDA

981783 [Reserved Funds, DTIS/Administrative Services]

Hearing to consider release of reserved funds, Department of Administrative Services (Ordinance No. 195-98), in the amount of \$75,000, to fund the contractual services of Digital Equipment Corporation for the planning phase of the City Services Project. (Administrative Services Department)

10/22/98, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Release of \$66,780 approved. Speakers: Harvey Rose, Budget Analyst; Steve Nelson, Department of Administrative Services - support.

APPROVED AND FILED by the following vote:

Ayes: 2 - Teng, Newsom

Absent: 1 - Kaufman

981831 [Reserved Funds, Dept. of Public Works]

Hearing to consider release of reserved funds, Department of Public Works, (1990 Earthquake Safety Bond Program Phase 2, Ordinance 273-95, Files 101-95-7 and 101-95-7.1), in the total amount of \$1,200,000 to fund the War Memorial Opera House roof repair and the War Memorial Veterans Building interim seismic upgrade. (Department of Public Works)

10/28/98, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Release of \$1,200,000 approved. Speakers: Harvey Rose, Budget Analyst; Elizabeth Murray, War Memorial - support.

APPROVED AND FILED by the following vote:

Ayes: 2 - Teng, Newsom

Absent: 1 - Kaufman

981770 [Extension and Renewal of Leases]

Resolution authorizing retroactive extension and renewal of eight (8) existing leases of real property required by the Department of Public Health. (Real Estate Department)

10/19/98, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Amended on page 1, line 13 to replace "1997" with "1998". Speakers: Harvey Rose, Budget Analyst; Harry Quinn, Department of Real Estate - support.

AMENDED.

RECOMMENDED AS AMENDED.. by the following vote:

Ayes: 2 - Teng, Newsom

Absent: 1 - Kaufman

981834 [Lease of Property at 1570 Mission Street]

Resolution authorizing the lease of real property of a portion of the second floor at 1570 Mission Street, San Francisco, California, for the Department of Human Services. (Real Estate Department)

10/28/98, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Wil Lightborne, General Manager, Department of Human Services - support.

RECOMMENDED.. by the following vote:

Ayes: 2 - Teng, Newsom

Absent: 1 - Kaufman

981821 [Appropriation, Sheriff]

Ordinance appropriating \$298,271, Sheriff's Department, of State Grant Revenue for professional services, purchase of computer equipment, software upgrades, laundry equipment, and other miscellaneous improvements to jail facilities for fiscal year 1998-1999. (Sheriff)

(Fiscal impact.)

10/28/98, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jean Mariani, Sheriff's Department - support.

RECOMMENDED by the following vote:

Ayes: 2 - Teng, Newsom

Absent: 1 - Kaufman

981828 [Appropriation, PUC-Clean Water]

Ordinance appropriating \$590,000, PUC-Cleanwater, from Clean Water Program Fund Balance to claims and judgments for fiscal year 1998-1999 and authorizing settlement of litigation of Peter and Barbara Winkelstein for a total settlement of \$590,000. (Controller)

(Fiscal impact.)

10/28/98, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ted Lakey, Deputy City Attorney - provided information.

RECOMMENDED by the following vote:

Ayes: 2 - Teng, Newsom

Absent: 1 - Kaufman

981653 [Moscone Center Expansion Project]

Supervisor Kaufman

Ordinance amending Article V, Chapter 23, Part I of the San Francisco Municipal Code (Administrative Code) by adding Section 23.26A to authorize the Director of Property to terminate leases or extend leases for lessees in buildings to be acquired by the City and County of San Francisco by eminent domain for the Moscone Center Expansion Project as the director deems necessary for the project and appropriate for the lessees.

(Adds Section 23.26A.)

10/5/98, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Harry Quinn, Department of Real Estate - support.

RECOMMENDED by the following vote:

Ayes: 2 - Teng, Newsom

Absent: 1 - Kaufman

981659 [City Memberships]**Supervisor Kaufman**

Ordinance amending Administrative Code by amending Section 16.6, relating to membership by City Departments in professional, trade and other organizations; repealing various sections authorizing membership in various organizations; re-numbering various sections as new sections; and providing for continuation of current and existing memberships.

(Amends Section 16.6; repeals Sections 16.6.1, 16.6-2, 16.6-2.1, 16.6-3, 16.6-4, 16.6-5, 16.6-6, 16.6-7, 16.6-8, 16.6-9, 16.6-10, 16.6-11, 16.6-12, 16.6-13, 16.6-14, 16.6-15, 16.6-16, 16.6-17, 16.6-17.1, 16.6-17.2, 16.6-17.3, 16.6-17.4, 16.6-19, 16.6-20, 16.6-21, 16.6-22, 16.6-23, 16.6-24, 16.6-25, 16.6-26, 16.6-27, 16.6-28, 16.6-29, 16.6-30, 16.6-31, 16.6-32, 16.6-33, 16.6-34, 16.6-35, 16.6-35.1, 16.6-36, 16.6-37, 16.6-38, 16.6-39, 16.6-40, 16.6-41, 16.6-42, 16.6-43, 16.6-44, 16.6-45, 16.6-46, 16.6-47, 16.6-47.1, 16.6-59, 16.6-60, 16.6-61, 16.6-62; renumbering Sections 16.6-48, 16.6-49, 16.6-49.1, 16.6-49.2, 16.6-49.3, 16.6-51, 16.6-53, 16.6-54, 16.6-55, 16.6-56, 16.6-57, 16.6-58 as new Sections 16.6-1, 16.6-2, 16.6-3, 16.6-4, 16.6-5, 16.6-6, 16.6-7, 16.6-8, 16.6-9, 16.6-10, 16.6-11 and 16.6-12 respectively.)

10/5/98, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alison Krumbein, Aide to Supervisor Kaufman - support.

RECOMMENDED by the following vote:

Ayes: 2 - Teng, Newsom

Absent: 1 - Kaufman

981747 [Civil Filing and Appearance Fees for Law Library]**Supervisor Brown**

Resolution increasing civil filing and appearance fees provided in Business and Professions Code Section 6321, 6322, 6322.1 for the operation of the Law Library.

10/19/98, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marcia Bell, Law Librarian - support.

RECOMMENDED by the following vote:

Ayes: 2 - Teng, Newsom

Absent: 1 - Kaufman

Adjournment

Meeting adjourned at 1:35p.m.

0.25
7
18/98

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

DOCUMENTS DEPT.

NOV 17 1998

SAN FRANCISCO
PUBLIC LIBRARY

November 13, 1998

TO: Finance Committee

FROM: Budget Analyst *Recommendations for meeting of*

SUBJECT: November 18, 1998 Finance Committee Meeting

Item 1 – File 98-1682

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution authorizing the expenditure of funds in the amount of \$260,112 for emergency replacement of the structurally inadequate sewer in Vallejo Street between Van Ness Avenue and Polk Street.

Amount: \$260,112

Source of Funds: 1994 Sewer Revenue Bond Funds

Description: The Public Utilities Commission advises that on April 23, 1998, the sewer located in Vallejo Street between Van Ness Avenue and Polk Street failed, and immediate repairs were required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on April 23, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to J.M.B. Construction, Inc. in the amount of \$236,850.

Budget: The budget for the subject emergency repair work totals \$260,112, including \$206,962 in actual construction costs and \$53,150 for DPW engineering and construction management costs. As shown in Attachment 1, provided by DPW, the actual emergency repair work was completed by J.M.B. Construction, Inc. for \$206,962, or \$29,888 less than the contracted bid amount of \$236,850. Attachment 2 details the DPW engineering and construction management costs of \$53,150.

Comments: 1. Mr. P.T. Law of the DPW advises that the low bid for emergency repair work was submitted by J.M.B. Construction, Inc. The table below lists the bidders and the amounts bid:

<u>Bidder</u>	<u>Bid Amount</u>
J.M.B. Construction, Inc.	\$236,850
Ranger Pipelines Inc.	\$288,165

2. Mr. Law reports that the repair work of the damaged sewer began on May 18, 1998 and was completed on July 6, 1998.

3. Mr. Law advises that due to various delays in receiving expenditure documentation from the Contractor, the PUC is requesting approval of this proposed resolution approximately three and a half months after the construction work was completed.

Recommendation: Approve the proposed resolution.

BUREAU OF CONSTRUCTION MANAGEMENT
DEPARTMENT OF PUBLIC WORKS

FINAL PAYMENT

FOR WORK PERFORMED THRU 06/29/99
SPEC. NO. 1604N (CW-176)

PROJECT TITLE: Valley Street Emergency Sewer Replacement

CONTRACT NUMBER	APPROX. C.D.	PERFORM. C.D.	FORECAST TOTAL	EARNED TO DATE	% QUANTITY	CONTRACT DATE	EARNED THIS MONTH UNIT PRICE	EST. THIS PERIOD QUANTITY	ORIG. COMPL. AMOUNT	REV. COMPL. QUANTITY	EST. COMPL. AMOUNT
236,850	NA	NA	\$206,850	\$206,942	87%	50	\$3,312	7/4/98	7/4/98	7/4/98	7/2/98
	BID ITEM		DESCRIPTION	CONTRACT AMOUNT							
1			Traffic Roadwork	\$5,000		Lump Sum			\$0	Lump Sum	\$5,000
2			Trench and Excavation Support Work	\$8,000		Lump Sum			\$0	Lump Sum	\$8,000
3			Concrete Manhole For Pipe Size 12" To 24"	\$6,000	2	Each	\$3,000		\$0	2	\$6,000
4			In Diameter With New Frame And Cover								
5			Concrete Manhole For Pipe Size 27" To 48"	\$18,500	3	Each	\$3,500		\$0	2	\$11,000
6			In Diameter With Salvaged Frame And Cover								
7			Concrete Manhole For Pipe Size 27" To 48"	\$8,000	1	Each	\$8,000		\$0	1	\$8,000
8			In Diameter With New Frame And Cover								
9			24" Diameter VCP Sewer On Crushed Rock	\$4,250	33	L.F.	\$250		\$0	33	\$8,250
10			48" Diameter RCP Sewer On Crushed Rock	\$149,450	427	L.F.	\$350		\$0	412	\$144,200
11			10-Inch Diameter VCP Culvert	\$7,200	72	L.F.	\$100		\$0	50	\$5,000
12			Post Construction Television Inspection Of	\$1,200		Lump Sum			\$0	Lump Sum	\$1,200
13			Newly Constructed Main Sewers								
14			6 or 8-Inch Diameter Side Sewer T.V.	\$2,300	23	Each	\$100		\$0	16	\$1,600
15			Inspection (Quantity Can Be Increased or Decreased)								
16			Size Sewer Connection (Quantity Can Be Increased Or Decreased)	\$5,760	23	Each	\$250		\$0	18	\$4,500
17			8 or 8-Inch Diameter Side Sewer Repair Or Replacement (Deletable Item)	\$2,200	220	L.F.	\$10		\$0	0	\$0
18			Cast Iron Water Trap For Catchbasin Including Cleanout Cap (Deletable Item)	\$1,800	6	Each	\$300		\$0	6	\$1,800
19			Backfilling Voids Underneath The Pavement With Sand Outside The Sewer Trench Limit (Quantity Can Be Increased Or Decreased)	\$500	10	Cu Yd.	\$50		\$0	0	\$0
20			Handling, Transportation And Disposal Of Hazardous Wastes, Toxic Materials And Serpentine Soils (Deletable Bid Item)	\$5,000		Allowance			\$0	Allowance	\$0
21			Removal Of Railroad Tracks, Wooden Ties And Cable Car Yokes (Deletable Item)	\$10,000		Allowance			\$3,312	Allowance	\$3,312
22			Plugging And Filling Existing Sewer With Shurry Grout (Quality Can Be Increased Or Decreased)	\$1,600	16	Cu Yd.	\$100		\$0	16	\$1,600
23			Field Office For Engineer Standard Type "B" (Deletable Item)	\$100		Lump Sum			\$0	Lump Sum	\$0
24			ORIGINAL CONTRACT TOTAL	\$236,850					\$3,312		\$206,962
25			EXTRA WORK								

ESTIMATE PREPARED
AND SUBMITTED BY:

Key Lee
RESIDENT ENGINEER

PAYMENT
REQUESTED BY:

Stephen Walsh
CONTRACTOR - JMD Construction Inc.

APPROVED BY:

CONSTRUCTION MANAGER

**Cost Breakdown for (J.O. # 1604N, Contract # CW-176E)
Vallejo Street Emergency Sewer Replacement**

Bureau of Engineering

Classification	Title	Rate	Hours	Cost
5504	Project Manager II	\$ 92	20	\$ 1,840
5206	Associate Civil Engineer	\$ 75	64	\$ 4,800
5366	Civil Engineering Associate II	\$ 63	170	\$ 10,710
5204	Assistant Civil Engineer	\$ 61	120	\$ 7,320
5382	Engineering Trainee III	\$ 40	47	\$ 1,880
1426	Secretary	\$ 45	80	\$ 3,600
				\$ 30,150

Bureau of Construction Management

Classification	Title	Rate	Hours	Cost
5210	Senior Civil Engineer	\$ 100	12	\$ 1,200
5208	Civil Engineer	\$ 80	25	\$ 2,000
5204	Assistant Civil Engineer	\$ 61	179	\$ 10,919
6318	Construction Inspector	\$ 74	120	\$ 8,880
				\$ 22,999
Rounded:				\$ 23,000

Item 2 – File 98-1683

Department: Department of Human Services (DHS)

Item: Resolution concurring with the Controller's certification that security services can continue to be practically performed at the Department of Human Services by private contractor for lower cost than similar work services performed by City and County employees.

Service to be Performed: Security services at Department of Human Services facilities

Description: Charter Section 10.104 provides that the City may contract with private firms for services which have been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for the security services for FY 1988-99 would result in estimated savings as follows:

	Lowest Salary <u>Step</u>	Highest Salary <u>Step</u>
City-Operated Service		
<u>Costs</u>		
Salaries	\$1,604,464	\$1,893,444
Fringe Benefits	<u>489,643</u>	<u>535,070</u>
Total	2,094,107	2,428,514
 <u>Contractual Services Costs</u>	 <u>1,251,421</u>	 <u>1,251,420</u>
 <u>Estimated Savings</u>	 \$842,686	 \$1,177,094

Comment:

1. Ms. Rose Chow of the DHS reports that security services have been continuously provided by an outside contractor since 1973 and has been certified as required by Charter Section 10.104.
2. The subject security services would be provided at five DHS facilities, including 170 Otis, 1235 Mission, 1440 Harrison, 1428 Bush, and at San Francisco General

BOARD OF SUPERVISORS
BUDGET ANALYST

Hospital. The period for the subject contract is the one year period October 1, 1998 through September 30, 1999. Therefore, the proposed resolution should be amended to retroactively authorize the contract to begin October 1, 1998.

3. According to Ms. Chow, the original contract with McCoy's Patrol Service was for the period September 1, 1995 through August 31, 1997. On September 1, 1997, the contract was extended by six months, through February 28, 1998. Since that time, the contract has been on a month-to-month basis.

4. According to Mr. Rick Kimball of the Purchasing Department, if the subject resolution is approved, the existing contract with McCoy's Patrol Services would be extended by one year, as of October 1, 1998. Attachment 1 is a memo from Mr. Kimball explaining the basis for extending the current contract without further competitive bidding.

5. The Controller notes that the Contractual Services Costs used for the purpose of this analysis is based on the contractor's projected actual costs for FY 1998-99.

6. The Controller's supplemental questionnaire with the Department's response is shown as Attachment 2 to this report.

Recommendation: Amend the proposed resolution to provide for retroactivity and approve the proposed resolution as amended.

City and County of San Francisco

Purchasing Department

Edwin M. Lee
Director

October 14, 1998

TO: Ms. Taylor Emerson
Budget Analyst Office

FROM: Rick Kimball
Senior Purchaser

SUBJECT: Contract Extension: Security Guard Services for DHS

Contract Proposal No. 86070 is being extended for an additional one (1) year period for the following reasons:

- The Purchasing Department plans on developing an RFP process for the required security services as soon as legislation is approved by the Board to authorize Purchasing to conduct RFP Procurements.
- The current vendor (McCoy's Patrol Services is a certified MBE vendor and is 12B compliant.
- DHS has found McCoy's performance under the current contract acceptable and has requested the extension.

I trust this information meets with your request.

Please contact me at 554-6751 if I may be of further assistance.

cc: Mike Ward – Contract Specialist
File

RK:cad

CHARTER 10.104.15 PROPOSITION J QUESTIONNAIRE

DEPARTMENT:- HUMAN SERVICES (45)
 CONTRACT SERVICE: SECURITY
 CONTRACT PERIOD: 10/1/98 THROUGH 9/30/99

(1) Who performed the service prior to contracting out?

This service has always been contracted out.

(2) How many city employees were laid off as a result of contracting out?

None

(3) Explain the disposition of employees if they were not laid off.

N/a

(4) What percentage of city employees' time is spent of services to be contracted out?

N/a

(5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?

This service has been contracted out since 1973. It is an ongoing request.

(6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

We have completed a Prop J request since 1976. It has been certified each subsequent contract year since.

(7) How will the services meet the goals of your MBE/WBE plan?

The current contract is minority owned. A diverse staff of minority employees has historically staffed this service area. The contract selection is done by the Purchaser's office and all bidders must comply with HRC standards.

(8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if not required, are health benefits provided?

The proposed contract does not require health benefits be provided. The contractor is providing health benefits.

(9) Does the proposed contractor provide health benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?

We require the contractor to comply with the Domestic Partner Act.

Department Representative: Rose Chow
 557 5404

Item 3 – File 98-1783

Department: Department of Administrative Services (DAS)
Department of Telecommunications and Information Services (DTIS)

Item: Hearing to consider the release of reserved funds in the amount of \$75,000 from previously appropriated General Fund monies for the Internet On-Line Processing Plan of the City Services Project.

Amount: \$75,000

Source of Funds: Previously appropriated, reserved General Fund monies.

Description: In May of 1998, the Board of Supervisors appropriated \$1,000,000 of General Fund monies (File No. 98-734) to the Department of Telecommunications and Information Services (DTIS) to partially fund (1) the construction of a City-owned fiber optic network¹ to enable faster transmission of data between City departments (i.e. emergency services information) and (2) to completely fund the development of an Internet On-Line² Processing Plan, which is the planning phase of the City Services Project, managed by the Department of Administrative Services (DAS).

Of the above noted \$1,000,000 in previously appropriated General Fund monies, \$75,000 was placed on reserve pending selection of a contractor to develop the Internet On-Line Processing Plan. This request would authorize the release of \$75,000 to pay the Digital Electronic Corporation for costs already incurred as a result of developing the Internet On-Line Processing Plan.

According to Ms. Karen Hong of DAS, the Internet On-Line Processing Plan includes the design for the City

¹ A "fiber optic network" is used to transmit digital information, in the form of a light, such as from a laser, through fibers or thin rods of glass or other transparent material, rather than using copper wires to transmit data electronically, such as is most commonly used for telephone and data transmissions. The "bandwidth" or data transfer capacity of a fiber optic network greatly exceeds that of a copper wire network, and a fiber optic network is not subject to electrical interference.

² On-line means accomplishing an operation, such as transferring funds, while connected to a computer network.

Services Project which will be a computer system that enables citizens to conduct on-line business transactions with City departments over the proposed City-owned fiber optic network. Specifically, Ms. Hong states that the City Services Project will enable citizens to sign onto the Internet from home, work or the Public Library to look up information, make inquiries and conduct business transactions with City departments.

Ms. Hong reports that in 1997, as the first step toward constructing the City Services Project, DAS contracted the Digital Equipment Corporation (DEC) to develop the Internet On-Line Processing Plan and that DEC, in turn, has produced such plan which includes (1) a project model, (2) an implementation plan and (3) cost estimates for the City Services Project.

Budget:

The Attachment, provided by DAS, contains the billing invoice in the lump sum amount of \$66,780, which DAS is required to pay DEC for the costs incurred to develop the Internet On-Line Processing Plan. The Attachment also contains a description of DEC services and deliverable work performed for the Internet On-Line Processing Plan.

Comment:

As noted above, this request is for the release of \$75,000. However, as shown in the Attachment, the actual costs incurred by DEC is \$66,780, or \$8,220 less than this request of \$75,000.

Recommendation:

Release \$66,780 of the requested \$75,000 on reserve and continue to reserve the balance of \$8,220.

digital

Invoice

Digital Equipment Corporation

Customer Inquiry Information
CONTACT, Sherry McComb-Shelton
FOR ASSISTANCE, CALL (415) 477-6223

Invoice Date

02-OCTOBER-1998

Customer Order No.

RESOLUTION#4015-98/9

DEC No.

99005637J

Invoice No.

947861499

Invoiced To

0964055
DEPT OF ADMINISTRATIVE SVCS
KAREN HONG
CITY & COUNTY OF SAN FRANCISCO
RM 402
401 VAN NESS AVE
SAN FRANCISCO CA 94102

Delivered To:

DEPT OF ADMINISTRATIVE SVCS
KAREN HONG
CITY & COUNTY OF SAN FRANCISCO
RM 402
401 VAN NESS AVE
SAN FRANCISCO CA 94102

Line Item	Model No.	Description	Qty/ Hour	Unit Price	Net Amount
0001	QS-FPBA9-FZ	FIXED PRICE INTEGRATION PROJ LABOR REPORT NO. 166891 SERVICE DATES: 25-SEP-1998 TO 25-SEP-1998	1.00	66780.00	66,780.00
				SUBTOTAL	66,780.00
				NET TOTAL PRICE	\$66,780.00

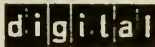
REMIT TO: DIGITAL EQUIPMENT CORPORATION
DUNS 15-063-4061
PO BOX 100500
ATLANTA, GA 30384

PAYMENT TERMS: ON RECEIPT

PAGE 1

Export of these products requires prior written authorization from the U.S. Department of Commerce.

Customer Copy 1



June 17, 1998

Karen Hong
Department of Administrative Services
401 Van Ness Avenue, Room 402
San Francisco, California 94102

Dear Karen;

Digital Equipment Corporation (Digital) appreciates the opportunity to assist the City and County of San Francisco with (the City) City Services Project. To begin this Project, this letter of engagement responds to the City's need for a high-level Project Phased Implementation Plan and Proposal for all 30 City departments (listed in Appendix A of this document). The Project Phased Implementation Plan and Proposal will be composed of high-level tasks, activities, schedules, manpower estimates and costs based on further assessment of the functional and technical requirement specifications for the 30 departments with more detailed focus on 6 to 10 'phase 1' departments.

Background

The City and County of San Francisco is in the process of establishing a centralized City services system (hereinafter "City Services") based on Web enabled, Internet technology, which can be extended out to the homes, neighborhoods, City Buildings and to the newly renovated City Hall. The goal of the City Services project is to improve access to City services for the citizens and businesses of San Francisco.

It is envisioned that the citizens will be able to transact a variety of general City businesses from a single point of access, either through the Internet from desktop systems or point-of-sale kiosks placed at certain key locations within the City.

KPMG Peat Marwick LLP (hereinafter "KPMG") is a key member of the Digital team who will be participating in this project.

Scope and Objectives

The focus of this initial City Services Project is to perform the following high-level tasks:

- Review and refine the vision and objectives, functional and technical requirements of the departments based on information provided by the City Services Project Working Committee representatives which includes Karen Hong, Rod Loucks, and Mary Fitzpatrick (hereinafter "the City Project Team"). In Appendix B of this document are a few sample, high-level topic areas to help assess the requirements and environment of the overall Project.
- Review and refine the proposed high-level technical solution architecture and components.
- Review, validate and refine the proposed Project model and assumptions.
- Assist the City Project Team in developing a phased implementation strategy.
- Provide advice and consulting services to assist in the development and delivery of a Phased Project Implementation Plan and Proposal.

Project Approach, Results and Deliverables

Digital proposes the following project approach to achieve the goals and objectives stated above:

Objective Deliverable(s)

Requirements Definition	<p><u>Estimate 3 days - Consultant Team</u></p> <p>Meet with the City Project Team, and other individuals and organizations as needed to review and refine:</p> <p>The vision and objectives.</p> <p>High level business and technical requirements for the overall departments and overall City services.</p> <p>Estimate ½ to 1 Day per Targeted Phase 1 Department for Transaction and Information definition.</p>	Consulting and advice on assessing Project requirements, solution components, and implementation approach.
Solutions definition architecture, components, and Project model	<p><u>Estimate 1 day</u> <u>Consultant Team</u></p> <p>Meet with the City Project Team for one day working session to:</p> <p>Review, validate and refine the proposed solution architecture and components (including integrating Lotus Domino)</p> <p>Review, validate and refine the Project model, and assumptions.</p>	<p>A Project solution architecture.</p> <p>A Project Model.</p>
Assist in the development of a project strategy and a phased implementation approach.	<p><u>Estimate 2 days</u> <u>Consultant Team</u></p> <p>Meet with the City Project Team to formulate a Project strategy, approach, and a phased implementation plan.</p> <p>Determine what and how the departments and phases will chosen.</p>	<p>Project Strategy and Approach.</p> <p>Phased Implementation Plan.</p>

Project Phased Implementation Plan and Proposal Document and Presentation.	<u>Estimate 4 days</u> <u>Consultant Team</u> Assist in documenting the Project Phased Implementation Plan. Assist in documenting the Proposal. Develop the Presentation.	Project Phased Implementation Plan. Project Proposal Project Presentation To include a detailed cost and work break down structure.
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Project Staffing

Digital will provide a Project Management resource to ensure the quality and timely presentation of the deliverables. Additionally business and technical consultants will be engaged to perform the consulting activities necessary to achieve the deliverables. Project Management activities to Include:

- Coordination and scheduling with Departments
- Documentation of meetings summaries
- Status reporting against plan

Deliverables

- Refine High Level Business and Technical Requirements Definition
- Refine Solutions Architecture and Approach
- Phased Implementation Strategy, Plan and Department selection criteria
- Project Implementation Model
- Estimated phased activities, resources, timeline and cost
- Departmental Questionnaire – development and distribution
- Preliminary Planning of deliverables for next phase

Assumptions

- The City will assist in the coordination and facilitation of attaining personnel, systems and network resources necessary for this Project in a timely manner.
- The City will provide relevant and accurate information in a timely manner as requested. Digital or its partners will not need to validate the information.
- The City will provide timely access to personnel as requested. Unavailability of the City staff may impact milestone deliverables.
- The City departments will provide timely information on the backend integration with the City systems of records (i.e., mainframes).
- City Project Manager will ensure timely and complete feedback to information requested by Digital or its partners. The City Project Manager will ensure the cooperation of related parties concerning the research and development of the background information required to complete this project.
- Conference room, facilities, and a demonstration personal computer will be provided by the City.

Fees and Expenses

The fees are based upon the amount of time and materials incurred. The fees are subject to the following conditions:

This work is estimated to require about 3 weeks, beginning 3/30/98. This letter requests spending authorization for \$66,780. Any deviations from this work estimate will require written approval by The City.

The project will have management reports designed to control risk and ensure a successful outcome. Weekly reports will be provided which will track activities completed and cost (including consulting and expense details) incurred. The Reports will be delivered to the Digital project management team. This report will include weekly written summaries of progress against proposed timeline and deliverables, City contacts interviewed/consulted, risks and contingencies concerning the timely completion of the deliverables.

Digital's maximum liability to The City arising for any reason relating to products and services rendered under this letter shall be limited to the amount of fees paid except to the extent that The City incurs damages due to Digital's gross negligence, willful misconduct, or in case of infringement of third party rights. The City will indemnify and hold harmless Digital and its personnel from any claims, liability costs, and expenses related to our services under this letter except to the extent determined to have resulted from the intentional or deliberate misconduct of Digital personnel or intellectual property infringement.

Billing Arrangements

A billing invoice of the cost of the engagement (estimated \$ 66,780) will be issued upon delivery of the proposed documents and The City's acceptance of the documents. Payment will be due within 30 days of receipt of invoice.

Client Participation and Responsibilities

Digital expects significant participation from The City's management team, user community, and IT organization, for this project. The lack of timely availability of key City personnel may adversely impact milestone deliverables and potentially costs. Digital requests timely access to The City personnel, if the timing of the access to these personnel has the potential of affecting the estimated timing of the deliverables, Digital will notify the City in writing.

The City will seek to ensure access to all required documentation, facilities, and personnel as necessary to accomplish the goals and objectives of this project. The work to be performed will be performed both on site and off site. The City will provide a suitable working environment inclusive, but not limited to meeting space, telephones, and network and Internet access.

We look forward to assisting you with this important project, and appreciate the opportunity to continue working with your organization. To confirm your acceptance of the proposal and your authorization to proceed with the engagement, please sign this letter in the space provided below and return the original to me.

Please feel free to call me at (415) 477-6220 with any questions you may have.

Very truly yours,

George Uyeda
Network and Systems Integration Services
Digital Equipment Corporation

Item 4 – File 98-1831

Department: Department of Public Works (DPW)

Item: Hearing to consider the release of previously reserved funds in the amount of \$1,200,000 for the purpose of funding the War Memorial Opera House Roof Repair and War Memorial Veterans Building Interim Seismic and Disabled Access Upgrades.

Amount: \$1,200,000

Source of Funds: Previously appropriated and reserved 1990 Earthquake Safety Bond Phase 2 Funds

Description: In August of 1995, the Board of Supervisors approved legislation appropriating \$44,971,539 of 1990 Earthquake Safety Bond Phase 2 (ESP2) proceeds and interest earnings for the War Memorial Opera House Seismic Upgrade and Improvement Project and seismic upgrading of other City-owned facilities. At the same time, the Board of Supervisors placed \$34,831,269 on reserve, pending DPW's submission of contract cost details for the Opera House Improvement Project.

In October of 1995, the Board of Supervisors approved the release of reserved funds in the amount of \$33,631,269 for the Opera House Improvement Project, leaving a balance of \$1,200,000 on reserve.

This subject request would release the remaining \$1,200,000 for the purpose of funding roof repairs to the War Memorial Opera House and interim seismic and disabled access upgrades to the War Memorial Veterans Building.

Budget: A summary budget for the requested \$1,200,000 is as follows:

<u>War Memorial Opera House</u>	
Construction costs and 15% contingency	\$508,300
Architecture and Engineering design	44,800
Construction Management	<u>34,900</u>
Total	\$588,000

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<u>War Memorial Veterans Building</u>	
Construction costs and 15% contingency	\$506,000
Architecture and Engineering design	65,000
Construction Management	<u>41,000</u>
Total	<u>\$612,000</u>
TOTAL	\$1,200,000

A detailed budget for each project, provided by Ms. Tara Lamont of DPW, is included in the Attachment to this report.

Comments:

1. According to Ms. Lamont, roof repairs to the War Memorial Opera House were intended to be part of the original War Memorial Opera House Seismic Upgrade and Improvement Project, but because the seismic upgrading, lighting, sound and rigging system replacement and historic restoration of the Opera House had to be completed by September of 1997 for the opening of the City's opera season, the roof repairs became a lower priority. Ms. Lamont advises that the roof repairs, totaling \$588,000, should be completed as soon as possible to prevent further rain damage.

2. Ms. Lamont reports that the War Memorial Veterans Building is in need of substantial seismic and disabled access improvements. This subject request for \$612,000 would provide funding for (1) interim seismic upgrades, including immediate repair of cracked plaster to all interior stairwells, crack repair at the stage block and seismic bracing of the Green Room, and (2) disabled access upgrades to the Green Room. According to Ms. Lamont, the entire seismic and disabled access upgrades and other various improvements to the War Memorial Veteran's Building is estimated to cost approximately \$79,000,000. Ms. Lamont advises that until such time as a source of funding can be identified for the full project, the proposed interim repair work, at a cost of \$612,000, would provide basic improvements to the visual quality and stability of the facility.

3. According to Ms. Lamont, if the proposed resolution is approved, DPW plans to solicit bids for the construction contracts for roof repairs to the War Memorial Opera House and interim seismic and disabled access upgrades

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to the War Memorial Veterans Building in March of 1999, and award such contracts to the lowest bidders in July of 1999. Ms. Lamont estimates that the subject projects will be completed in November of 1999.

Recommendation: Approve the proposed requested release of reserved funding in the amount of \$1,200,000.

RELEASE OF RESERVE REQUEST

WAR MEMORIAL OPERA HOUSE ROOF REPAIR

Oct-20-98

APPENDIX TO EXHIBIT A

NEED AND PURPOSE

1 CONSTRUCTION	
Construction Cost	\$442,000.00
Construction Contingency 15%	\$66,300.00
Total: Construction Costs	\$508,300.00
2 A/E DESIGN FEE	
Bureau of Architecture:	
Classification: Title: No. of Hours: Rate	
5268: Architect: 128 hours @ \$84.42/hr	\$10,880.00
5268: Architectural Associate II: 320 hours @ \$72.90/hr	\$23,360.00
5260: Architectural Assistant I: 192 hours @ \$54.66/hr	\$10,560.00
Total: A/E Design Fee	\$44,800.00
	rounded to nearest 100
3 Construction Services	
Bureau of Construction Management	
Classification: Title: No. of Hours: Rate	
5212: Construction Manager: 77 hours @ \$100/hr	\$7,700.00
6331: Building Inspector: 30 hours @ \$75/hr	\$2,250.00
Bureau of Architecture -	
5266: Architectural Associate II: 180 hours @ \$73/hr	\$13,140.00
Permit Fee	\$11,810.00
Total: Construction Services Fee	\$34,900.00
	rounded to nearest 100
GRAND TOTAL	\$588,000.00

RELEASE OF RESERVE REQUEST

WAR MEMORIAL VETERAN'S BUILDING INTERIM SEISMIC IMPROVEMENTS

Oct-20-1998

APPENDIX TO EXHIBIT A

NEED AND PURPOSE

1 CONSTRUCTION

Construction Cost	\$440,000.00
Construction Contingency	\$66,000.00
Total: Construction Costs	\$506,000.00

2 A/E DESIGN FEE

Bureau of Architecture:	Hrs.	Rate/Hr.	
Classification: Title: No. of Hours: Rate			
5268: Architect:	170	85	\$14,450.00
5268: Architectural Associate II:	450	73	\$32,850.00
5260: Architectural Assistant I:	322	55	\$17,710.00
Total: A/E Design Fee			\$65,000.00

rounded to nearest 100

3 Construction Services

Bureau of Construction Management			
Classification: Title: No. of Hours: Rate			
5212: Construction Manager:	35	100	\$3,500.00
6331: Building Inspector:	200	75	\$15,000.00
Bureau of Architecture			
5268: Architectural Associate II:	170	73	\$12,410.00
Permit Fee			\$10,000.00
Total: Construction Services Fee			\$41,000.00

rounded to nearest 100

GRAND TOTAL	\$612,000.00
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Item 5 – File 98-1770

Department: Department of Real Estate (DRE)
Department of Public Health (DPH)

Item: Authorizing the retroactive extension and renewal of eight existing leases of real property leased by the Department of Public Health.

Description: Each of the proposed leases is summarized below:

(1) Location: 298 Monterey Boulevard (entire property)

Purpose of Lease: Outpatient Mental Health Clinic

Lessor: John William Powell and Sylvia Cambell Powell

No. of Sq. Ft. and Cost/Month: approx. 4,025 sq. ft. @ \$0.71 /sq. ft./ mo. or \$2,850 rent/mo.

Annual Rent: \$34,200

% Change over 1997-98: None

Utilities & Janitor Provided by Lessor: Janitorial only.

Term of Lease: July 1, 1998 on a month-to-month basis (not to exceed 12 months)

Right of Renewal: None

Source of Funds: 55 percent State Funds and 45 percent General Fund monies included in DPH's FY 1998-99 budget

(2) Location: 3901-3905 Mission Street (portion of the ground floor)

Purpose of Lease: Outpatient Mental Health Clinic

Lessor: Giovacchino and Armando Diodati
No. of Sq. Ft. and Cost/Month: approx. 2,570 sq. ft. @ \$1.20/sq. ft./mo. or \$3,084 rent/mo.
Annual Rent: \$37,008
% Change over 1997-98: None
Utilities & Janitor Provided by Lessor: Landlord provides all janitorial and utility services.
Term of Lease: July 1, 1998 through June 30, 1999
Right of Renewal: None
Source of Funds: 55 percent State Funds and 45 percent General Fund monies included in DPH's FY 1998-99 budget

(3) **Location:** 3911 Mission Street (portions of the ground floor)
Purpose of Lease: Outpatient Mental Health Clinic
Lessor: Giovacchino and Armando Diodati
No. of Sq. Ft. and Cost/Month: approx. 1,500 sq. ft. @ \$1.20/sq. ft./mo. or \$1,800 rent/mo.
Annual Rent: \$21,600
% Change over 1997-98: None
Utilities & Janitor Provided by Lessor: Landlord provides all janitorial and utility duties.
Term of Lease: July 1, 1998 through June 30, 1999
Right of Renewal: None

Source of Funds: 55 percent State Funds and 45 percent General Fund monies included in DPH's FY 1998-99 budget

(4) **Location:** 111 Potrero Avenue (ground floor)

Purpose of Lease: Adult Outpatient Mental Health Clinic

Lessor: 111 Potrero Partnership

No. of Sq. Ft. and Cost/Month: approx. 6,000 sq. ft. @ \$1.33/sq. ft./mo. or \$8,000 rent/mo.

Annual Rent: \$96,000

% Change over 1997-98: 43 percent

Utilities & Janitor Provided by Lessor: Janitorial only.

Term of Lease: July 1, 1998 on a month-to-month basis (not to exceed 12 months)

Right of Renewal: None

Source of Funds: 55 percent State Funds and 45 percent General Fund monies included in DPH's FY 1998-99 budget

(5) **Location:** 10-20 29th Street (entire property)

Purpose of Lease: Children's Outpatient Mental Health Clinic

Lessor: George, Lois and Lawrence Maisels

No. of Sq. Ft. and Cost/Month: approx. 2,400 sq. ft. @ \$0.62/sq. ft./mo. or \$1,500 rent/mo.

Annual Rent: \$18,000

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% Change
over 1997-98: None

Utilities & Janitor
Provided
by Lessor: None

Term of Lease: July 1, 1998 on a month-to-month basis (not to exceed 12 months)

Right of Renewal: None

Source of Funds: 55 percent State Funds and 45 percent General Fund monies included in DPH's FY 1998-99 budget

(6) Location: 755-61 South Van Ness Avenue (ground floor)

Purpose of Lease: Adult Outpatient Mental Health Clinic

Lessor: AIM TWO

No. of Sq. Ft. and
Cost/Month: approx. 7,101 sq. ft. @ \$1.00/sq. ft./mo. or \$7,100 rent/mo.

Annual Rent: \$85,200

% Change
over 1997-98: 25 percent

Utilities & Janitor
Provided
by Lessor: None

Term of Lease: July 1, 1998 on a month-to-month basis (not to exceed 12 months)

Right of Renewal: None

Source of Funds: 55 percent State Funds and 45 percent General Fund monies included in DPH's FY 1998-99 budget

BOARD OF SUPERVISORS
BUDGET ANALYST

(7) Location: 759 South Van Ness Avenue (entire second floor)

Purpose of Lease: Children's Outpatient Mental Health Clinic

Lessor: AIM TWO

No. of Sq. Ft. and
Cost/Month: approx. 6,445 sq. ft. @ \$1.25/sq. ft./mo. or \$8,056.25
rent/mo.

Annual Rent: \$96,675

% Change
over 1997-98: 31 percent

Utilities & Janitor
Provided
by Lessor: None

Term of Lease: July 1, 1998 through June 30, 1999

Right of Renewal: None

Source of Funds: 55 percent State Funds and 45 percent General Fund
monies included in DPH's FY 1998-99 budget

(8) Location: 2335 Ocean Avenue (entire property)

Purpose of Lease: Family Mental Health Clinic

Lessor: Doctor Terrance Lee, successor in interest to Beverly
Pelton

No. of Sq. Ft. and
Cost/Month: approx. 3,954 sq. ft. @ \$0.85/sq. ft./mo. or \$3,360 rent/mo.

Annual Rent: \$40,320

% Change
over 1997-98: 10 percent

Utilities & Janitor
Provided

by Lessor: None

Term of Lease: July 1, 1998 on a month-to-month basis (not to exceed 12 months)

Right of Renewal: None

Source of Funds: 55 percent State Funds and 45 percent General Fund monies included in DPH's FY 1998-99 budget

Comments:

1. According to Mr. Steve Alms of the Department of Real Estate (DRE), the proposed resolution incorrectly states that the extension of Lease #1 at 298 Monterey Boulevard is retroactive to July 1, 1997. Mr. Alms reports that the actual date of such retroactivity is July 1, 1998.

2. Mr. Alms reports that all of the proposed rental rates reflect fair market value.

3. According to Mr. Alms: Lease #1 at 298 Monterey Boulevard has been negotiated on a month-to-month basis because there is no financial advantage to seeking a longer term lease for this property since its rental rate is already favorable to the DPH. In addition, portions of DPH Outpatient Mental Health Clinic at this location do not meet Americans with Disabilities Act requirements and as such, a month-to-month lease gives the DPH the flexibility to move this Clinic within a short period of time if a more suitable location is found. Lease #4 at 111 Potrero Avenue and Lease #6 at 755-61 South Van Ness Avenue have been negotiated on a month-to-month basis because, at the request of the DPH, the DRE has located one single site at 1890 Bryant Street to consolidate these DPH Adult Outpatient Mental Health Clinics currently located at two separate sites. Lease #5 at 10-20 29th Street has been negotiated on a month-to-month basis because, at the request of DPH, the DRE is currently seeking a new site for the DPH Children's Outpatient Mental Health Clinic. The DPH has learned that returning this Clinic to its original location at 45

Onandaga Avenue, which was damaged during the 1989 Loma Prieta Earthquake, would be more expensive than finding an alternative site. Lease #8 at 2335 Ocean Avenue has also been negotiated on a month-to-month basis because the DPH Family Mental Health Clinic located at that site is no longer large enough to meet the space needs of the Clinic. Therefore, at the request of DPH, DRE is currently seeking a new site for this DPH Family Mental Health Clinic.

4. The attached memo, provided by Mr. Alms, explains why: (a) Lease #4 at 111 Potrero Avenue requires a 43 percent increase in rent from \$5,602.20 monthly to \$8,000, (b) Lease #6 at 755-61 South Van Ness Avenue requires a 25 percent increase in rent, from \$5,689 monthly to \$7,100, (c) Lease #7 at 759 South Van Ness Avenue requires a 31 percent increase in rent, from \$6,133.39 monthly to \$8,056.25, and (d) Lease #8 at 2335 Ocean Avenue requires a 10 percent increase in rent from \$3,042.71 monthly to \$3,360.

Recommendation:

In accordance with Comment No. 1, amend the proposed resolution to reflect that Lease #1 at 298 Monterey Boulevard is retroactive to July 1, 1998, instead of July 1, 1997 and approve the proposed resolution as amended.

City and County of San Francisco

Real Estate Department

Office of the
Director of PropertyAttachment
Page 1 of 2

MEMORANDUM

November 12, 1998

TO: Harvey Rose
Budget AnalystFROM: Steve Alms
Senior Real Property Officer
554-9865SUBJECT: Public Health Lease Renewals
Fiscal Year 1998/99

The following explanations are provided in response to your questions regarding the various Public Health lease renewals.

111 Potrero Avenue (Item #4)

The increase in rent from \$5,602.20 to \$8,000.00 per month represents an increase of approximately 43% over the prior year. As noted in our cover letter of September 22, 1998, the prior rent has been in effect since July 1994. As a result, the 1997/98 rent was below market. In addition, the market has changed dramatically in the last 18 months (by more than 30% according to most informed sources). The rent negotiated with the landlord for fiscal year 1998/99 is market rate rent, but is a dramatic change as a result of the above two factors.

755-61 South Van Ness Avenue (Item #6)

The increase in rent from \$5,689.00 to \$7,100.00 per month represents an increase of approximately 25% over the prior year. As noted above, the market has changed dramatically in the last 18 months. The market rate rent negotiated with the landlord for fiscal year 1998/99 is a dramatic change as a result.

759 South Van Ness Avenue (Item #7)

The increase in rent from \$6,133.39.00 to \$8,056.25 per month represents an increase of approximately 31% over the prior year. As noted in our cover letter of September 22, 1998, the prior rent was negotiated in 1992. Although the rent schedule included fixed annual escalations, the rent for fiscal year 1997/98 was below market. As noted above, the market has changed

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dramatically in the last 18 months. The market rate rent negotiated with the landlord for fiscal year 1998/99 is a dramatic change as a result.

2335 Ocean Avenue (Item #8)

The increase in rent from \$3,042.71 to \$3,360.00 per month represents an increase of approximately 10% over the prior year. The premises are not adequate for City's long term use, and the landlord agreed to allow the City to continue to occupy the premises on a holdover under the terms of the lease, but requested an increase in rent. The prior rent was negotiated in 1993, and has not changed since that time. The 10% increase is nominal, and results in a rate that continues to be below market.

If there are other questions regarding the proposed renewals, please call me at 554-9865.

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Item 6 – File 98-1834

Departments: Department of Human Services (DHS)
Department of Real Estate (DRE)

Item: Resolution authorizing a new lease of real property of
a portion of the second floor at 1570 Mission Street

Location: 1570 Mission Street

Purpose of Lease: To obtain space for operating Personal Assisted
Employment Services (PAES), a recently established
employment training program offered by DHS to serve
employable single adults in need of welfare assistance

Lessor: Goodwill Industries

Lessee: City and County of San Francisco

**No. of Sq. Ft. and
Cost Per Month:** Approximately 6,000 square feet at \$1.65 per square
foot per month, for a total of \$9,900 per month for the
first 24 months, then at \$1.75 per square foot per
month, for a total of \$10,500 per month for the
remaining 36 months of the lease.

Annual Cost: \$118,800 for each of the first two years, then \$126,000
for each of the remaining three years of the lease.

**Percentage Increase
Over 1997-98:** New lease

**Utilities and Janitorial
Services Provided by
Lessor:** The lessor would be responsible for utilities and
janitorial service.

Term of Lease: According to Ms. Claudine Venegas of the Department
of Real Estate (DRE), the lease would commence on
the later of the date of substantial completion of
leasehold improvements expected about 60 days after
approval of the resolution, and would expire five years
thereafter, or approximately January, 2004.

Right of Renewal: The City has no right of renewal under the proposed lease.

Source of Funds: According to Mr. Dan Kim of the Department of Human Services (DHS), \$60,000 was approved for the subject lease in the DHS budget for FY 1998-1999, or approximately six months of rent. Approximately 57% of the \$60,000 in rental costs is covered by the General Fund, with the balance of the rent provided by 43% Federal and State funding.

Description: Personal Assisted Employment Services (PAES)

The purpose of the PAES program is to provide quality evaluation of an individual's vocational experience, qualifications, strengths and needs. PAES is a voluntary program available to all General Assistance (GA) recipients who are employable but temporarily unemployable adults.

An adjunct support program, the PAES Success Center, will provide the participant with the education, training, and support services necessary to assist in obtaining and retaining paid employment.

PAES Success Center

According to Mr. Patrick Duterte of the Department of Human Services (DHS), DHS would use the leased space to operate the job-seeking skills and services program, the PAES Success Center. Modeled after CalWORKs, the PAES Success Center would provide job-seeking skills workshops, resume services, phone banks, and other job-related services. The PAES Success Center would provide a six-day intense workshop, followed by four to six weeks of intensive, job-seeking support services.

Utilization of Proposed Leased Space

According to Mr. Duterte, 15 employees and 125 program trainees at the PAES Success Center would occupy the leased space of approximately 6,000 square feet. In total, there would be 6 DHS trainers responsible for classroom work, 1 DHS supervisor to

support the trainers, 1 DHS job developer, 4 clerical employees, 2 employees from the Employment Development Department (EDD), and 1 resume writer obtained by contract with Pro-Serve.

According to Mr. Duterte, utilization of the leased space by the PAES Success Center would involve building three classrooms (requiring 1,500 square feet), a common area that would be reserved for a "network center" (requiring approximately 1,500 square feet), and 15 telephone and five computer carrels (requiring a total of 500 square feet). Additionally, 750 square feet would be allocated for a staff/client break room, 200 square feet for a conference room, 200 square feet for two interview rooms, 200 square feet for one storage room.

The total space of approximately 6,000 square feet, less the above space allocation of 4,850 square feet, leaves a remainder of 1,150 square feet for employee use, resulting in an average of approximately 76 square feet per employee.

Comments:

1. Leasehold Improvements

According to Ms. Venegas, the lessor will pay for the full costs of the leasehold improvements at an estimated cost of \$800,000. Such improvements include building out office space, internal walls, a reception area, floor covering, electricity, heating, ventilation, and painting. Leasehold improvements are expected to be completed within 60 days of the approval of this resolution.

2. Fair Rental Value

According to Ms. Venegas, the proposed rent of \$1.65 per square foot and \$1.75 per square foot represent fair rental values, and, as previously noted, the rental rate of \$1.75 per square foot for the remaining three years of the lease would not escalate or be subject to cost-of-living adjustments.

3. Need For Separate Space

Case management services of the PAES program, as well as the program's eligibility and employment services benefits, are provided at 1235 Mission Street. Case workers and service providers at that location use leased space consisting of 12,000 square feet, with an additional 360 square feet for the first floor elevator lobby.

Separate from services provided at the 1235 Mission Street location, the PAES Success Center at 1570 Mission Street would consist solely of the job-seeking support program to which participants would be referred on a case-by-case basis by case management workers who work at 1235 Mission Street. No space is available for the PAES Success Center at the 1235 Mission Street location.

According to Mr. Duterte, the operations of PAES at the 1570 Mission Street facility would be similar to the employment services operation, CalWORKs. Through that program, DHS has placed over 800 CalWORKs participants each year. The new space at 1570 Mission Street is intended to physically separate the potentially conflicting client populations served by CalWORKs and those served by PAES. CalWORKs affects mostly single mothers with children, while PAES' outreach tends to be single males. Issues of domestic violence and other conflicts between the two groups have posed a concern for DHS.

3. Benefits to Both Goodwill and the City

According to Mr. Duterte, DHS aims to integrate into the Goodwill's space at 1570 Mission Street as a cost-sharing mechanism. According to Ms. Venegas, Goodwill intends to prepare the facility to become fully operational for its own programs in five years' time, but in the interim, is willing to lease the property only to the City, because of their common purpose of assisting those in need of jobs.

Recommendation: Approve the proposed resolution.

Item 7 - File 98-1821

Department: Sheriff's Department

Item: Ordinance appropriating \$298,271 in State grant revenues for professional services, purchase of computer equipment, software upgrades, laundry equipment, and other miscellaneous improvements to the jail facilities for the Sheriff's Department.

Amount: \$298,271

Source of Funds: FY 1997-98 State Citizen's Option for Public Safety grant funds (AB 3229)

Description: The proposed ordinance would appropriate \$298,271 in FY 1997-98 State Citizen's Option for Public Safety (COPS) grant funds to the Sheriff's Department.

In July of 1996, the State Legislature approved AB 3229 authorizing the annual allocation of State revenues, through the State budget process, to Counties throughout the State for the purpose of funding local public safety activities. In FY 1997-98, the State Legislature allocated a total of \$2,386,164 in recurring State COPS grant funds to the City and County of San Francisco, including \$1,789,622 to the Mayor's Criminal Justice Council, \$298,271 to District Attorney's Office, and \$298,271 or approximately 12.5 percent to the Sheriff's Department.

Sergeant Edwin James of the Sheriff's Department reports that the Sheriff's Department received the above-noted State COPS grant funds in September of 1997. However, such funds were not appropriated at that time and have not been expended, according to Sergeant James.

This ordinance would authorize the appropriation of the prior grant allocation of \$298,271 to the Sheriff's Department. According to Sergeant James, the Sheriff's Department would expend the \$298,271 as follows:

(1) \$138,224 for computer program upgrades to facilitate the linkage of the Police Department's new Tiburon

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records management system¹ with the Sheriff's Department's new Tiburon booking system². Sergeant James states that this computer program linkage would enable the Sheriff's Department to interface with the Police Department via computer to prevent duplication of data entry by the Police Department's arresting officer and the Sheriff's Department's booking officer.

According to Sergeant James, although all of the City's court records, including records pertaining to arrests and bookings, are currently maintained in one database called the Court Management System (CMS), the Police Department's arresting officer and the Sheriff's Department's booking officer may enter the same data twice into the CMS database because they cannot interface via computer to avoid such duplication. Sergeant James states that the Sheriff's Department would amend an existing contract with the Tiburon Corporation for the requested computer program linkage.

(2) \$15,382 to raise the floor in Department 20 (a former courtroom which is now vacated) in the Hall of Justice. According to Sergeant James, the space in this former courtroom will be used by the Sheriff's Department to conduct training in the new Tiburon booking system. Sergeant James states that the installation of a raised floor will enable the Department's staff to provide electrical power to the computer equipment with electrical wiring placed beneath the raised floorboards, rather than under the existing floors of the Hall of Justice which would be a costlier project.

(3) \$59,715 for the replacement of laundry equipment, including \$36,335 for one commercial washer, \$17,180 for two commercial dryers and \$6,200 for installation costs, for County Jail #2, located on the seventh floor of the Hall of Justice.

¹ The Tiburon records management system enables the Police Department to manage the records of persons who are arrested.

² The Tiburon booking system enables the Sheriff's Department to maintain the booking and classification records of persons who are arrested.

(4) \$19,959 for the replacement of two sliding walls for the classroom at County Jail No. 7, located in San Bruno.³ Sergeant James states that the Sheriff's Department offers educational courses in the above-noted classroom to the inmates at County Jail No. 7, but has had to reduce the number of courses offered because the sliding walls (which separate the classroom into three sections) are broken. As a result, according to Sergeant James, only one course may be taught at any given time in the classroom (as opposed to three different courses in the three different sections of the classroom when the sliding walls are operational). Sergeant James states that in order for courses to return to their optimal level, the Sheriff's Department requires that the sliding walls be replaced.

(5) \$25,820 for the purchase of six laptop computers and four personal computers for use by the Sheriff's Department's Investigative Services Unit and Backgrounds Unit.

According to Sergeant James, Sheriff Deputies in the Backgrounds Unit would use the four personal computers to maintain administrative records, namely Sheriff's personnel background information, and perform other related responsibilities, through the use of the computers. Sergeant James reports that presently there are six Sheriff Deputies in the Backgrounds Unit performing the above-noted work on one personal computer and two word processing terminals. According to Sergeant James, this request for four additional computers would enable the Backgrounds Unit to expedite the entry, storage and retrieval of Sheriff's personnel background information.

(6) \$9,978 for the purchase of six printers at \$1,663 per printer for use by the Sheriff's Department's Investigative Services Unit and Backgrounds Unit.

(7) \$14,870 for the purchase of five cutting torches and related accessories to open jail cells in the event of an emergency. According to Sergeant James, the Sheriff's

³ According to Sergeant James, the Sheriff's Department plans to solicit bids for the construction contract for the replacement of the two sliding doors upon approval of this proposed ordinance by the Board of Supervisors.

Department is currently operating the jail system without the benefit of any cutting torches. Sergeant James states in the event of an emergency, such as an earthquake or other major disaster, presently the Sheriff's Department would require either the Department of Public Works or a private company to use cutting torches to open cell doors. According to Sergeant James, in the FY 1998-99 budget submission to the Mayor's Office, the Sheriff's Department requested funds to purchase the subject cutting torches. Sergeant James states that at that time, the Mayor's Office advised the Sheriff's Department to use the proposed subject State COPS grant funds, rather than General Fund monies to purchase the subject cutting torches.

(8) \$7,368 for the purchase of two metal detectors for County Jail No. 7 and the Treasure Island jail facility. According to Sergeant James, presently County Jail #7 has one metal detector that requires replacement and the Treasure Island jail facility does not have a metal detector.

(9) \$6,955 for the purchase of six pieces of equipment, including one drill press, one mig welder⁴, one hydraulic press, one air compressor, one trash pump and one key duplicating machine⁵, for on-site use at County Jail No. 3, located in San Bruno. Sergeant James advises that the primary reason for this request is that the Department of Public Works is unable to respond as quickly as is needed to provide the necessary maintenance and emergency repairs at County Jail No. 3.

⁴ A mig welder or "metal inert gas" welder is more efficient and less expensive than an arc welder, according to Sergeant James.

⁵ Sergeant James advises that the request for one key duplicating machine is to enable the Sheriff's Department to immediately produce Folger-Adam keys (specialized cell door keys) on site at County Jail No. 3, rather than endure the 2-3 week delay for their replacement by the Department of Public Works. As a result, Sergeant James states that more cells will be kept in service at any given time.

Budget: The summary budget for the proposed supplemental appropriation of \$298,271 in State COPS grant funds is as follows:

Contractual Services	\$173,565
Data Processing Equipment	35,798
Other Equipment	<u>88,908</u>
TOTAL	\$298,271

The Attachment, provided by Sergeant James, contains the details supporting this budget of \$298,271 and explanations for each of the requested items.

Comment: The Budget Analyst has reviewed source documentation provided as a basis for all proposed equipment purchases. As noted above, the proposed grant provides for the acquisition of \$9,978 for the purchase of six printers at \$1,663 per printer for use by the Sheriff's Department's Investigative Services Unit and Backgrounds Unit, which totals 11 employees. Based on the lack of adequate justification, the Budget Analyst has concluded that six printers are not adequately justified for a total of 11 employees. We therefore recommend that the number of printers be reduced from six to two, at a savings of \$6,652 in COPS grant funds. By reducing this request, the \$6,652 in COPS grant funds can be appropriated by the Sheriff for other needed services. Sergeant James of the Sheriff's Department has informed the Budget Analyst that he is unable to provide further justification for the additional printers at this time. Consequently, as of the writing of this report, Sergeant James can neither agree or disagree with this recommendation.

Recommendation: Amend the proposed ordinance to reduce the request for Data Processing Equipment by \$6,652, from \$35,798 to \$29,146 to reflect a reduction in the purchase of new printers from six to two. The total request would therefore be reduced by \$6,652, from \$298,271 to \$291,619.

Approve the proposed ordinance as amended.

BOARD OF SUPERVISORS
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SHERIFF - Supplemental Appropriation Request 11-12-98			Professional Services	Data Processing Equipment	Other Equipment
Computer Program Linkage			\$138,224		
Programming to provide interface of Sheriff's booking system with Police records management system. Impact approximately 60,000 defendant bookings annually.					
Centralized Records Raised Floor			\$15,382		
Install floor panels in area of approximately 675 square feet provide ADA approved ramp access; lump sum estimate.					
Laundry Upgrades - Commercial Grade Equipment					\$59,715
Washer	1 @	36,335			36,335
Dryers	2 @	8,590			17,180
Installation	Lump Sum	6,200			6,200
Classroom Sliding Doors			\$19,959		
Replace two existing hinged operable walls 22'x9' with two new panel operable walls; lump sum estimate.					
Computer Laptops, PCs & Printers				\$35,798	
Laptops	6 @	3,060.00		18,360	
PCs	4 @	1,865.00		7,460	
Printers	5 @	1,663.00		9,978	
Cutting Torches					\$14,870
5 @ \$2,974 (includes torch, pack, and cutting cable)					
Metal Detectors					\$7,368
2 @ \$3,684 includes shipping, tax, set-up & training					
Building Equipment (1 each) (includes tax & freight)					\$6,955
Drill Press		824.66			
Mig Welder		678.13			
Hydraulic Press		1,384.08			
Air Compressor		1,008.67			
Key Duplicating Machine		1,395.29			
Engine Driven Trash Pump		1,696.18			
Subtotals			\$173,565	\$35,798	\$88,908
GRAND TOTAL					\$298,271

REQUEST FOR SUPPLEMENTAL APPROPRIATION OF 1997-98 COPS MONEY FOR THE SHERIFF'S DEPARTMENT

The Sheriff's Department requests a supplemental appropriation for 1997-98 COPS money in the amount of \$298,271. The supplemental appropriation will be used to purchase services and equipment necessary to maintain and improve jail operations.

COMPUTER PROGRAM LINKAGE

The Sheriff requests \$138,224 for the necessary computer program upgrades to facilitate the linkage of the Police Department's Tiburon records management system and the Sheriff's Department's Tiburon booking system. This linkage will enable an automated Police and Sheriff's joint records management system. The program upgrades requested will provide a dynamic interface which will prevent duplication of data-entry by the arresting officer or the booking officer. The funds requested would be used to amend the existing contract with Tiburon to include this component.

CENTRALIZED RECORDS

The Sheriff requests \$15,382 for the installation of raised floors in the space formerly identified as Department 20 in the Hall of Justice. The raised floors are necessary to provide for more flexible use of this space. In the fall of 1998, the space will be used to conduct department training in the new computer system. Once the computer system is on-line, the space will be converted to a centralized records location for the Sheriff's Department. Centralizing records will provide a more efficient and reliable method of accountability for records in the care and custody of the department.

LAUNDRY UPGRADES

The Sheriff requests \$59,715 for laundry equipment needed at County Jail #2. The laundry equipment at County Jail #2 is frequently breaking down, causing delays in laundry exchanges in both jails at the Hall of Justice and creating a shortage of available linen and clothing. The existing washer and two dryers often fail to maintain the temperature level required for sanitizing clothes. The resulting inability to keep up with required laundry exchanges violates Title 15 requirements and the inability to maintain adequate temperatures results in a health hazard. Both these concerns interfere with the safe and secure operation of the jail facility.

COUNTY JAIL #7 CLASSROOM SLIDING DOORS

The Sheriff requests \$19,959 for replacement of the County Jail #7 classroom sliding door. CJ#7, located on the San Bruno Compound, is designed to enhance program opportunities to better enable prisoners to re-enter the community with knowledge and skills that may reduce the instances of repeating criminal behavior. In-dormitory classes are augmented with educational classes held in various classrooms in the facility. Our ability to offer such educational classes has been reduced due to the disrepair of 2 sets of sliding doors. With the installation of new sliding doors, educational programs will be available to more prisoners. The optimal operation

of County Jail #7 depends on structured program and educational opportunities for the greatest number of prisoners housed in the facility.

COMPUTER LAPTOPS, PC's AND PRINTERS

The Sheriff requests \$25,820 for the purchase of six laptop and four personal computers for investigators assigned to the Investigative Services Unit. These investigators are responsible for investigating a broad range of incidents, from deaths in custody to citizens' complaints about employee conduct. The investigative process requires detailed notes and logs to effectively track the progress of investigations and maintain control of evidence and other matters which arise during the course of the investigations. The laptops would enable the investigators to maintain computer notes at the scene thus reducing time spent transposing information from paper to computer in the office. The laptops will provide for more timely reports, more timely case closure and more timely response to complaints received. Additionally, the purchase of four personal computers would enable staff to maintain administrative records and perform other related responsibilities.

The Sheriff also requests \$9,978 for the purchase of printers. The Investigative and Background Units of the Sheriff's Department are in need of printers to produce quality hard copies of their reports. Currently, both units are utilizing printers that are obsolete and do not produce a good quality professional product.

CUTTING TORCHES

The Sheriff requests \$14,870 for the purchase of five cutting torches and related accessories which are necessary to insure the Department's ability to open cells in the event of a major disaster. Of the Department's 6 jail facilities, 3 require individual cell doors to be opened mechanically. All cells in the older three jails must be individually opened and closed. If a disaster occurs, the locking mechanism may fail, requiring torches to cut open cell doors.

METAL DETECTORS

The Sheriff requests \$7,368 for the purchase of two metal detectors for County Jail #7 and the Treasure Island jail facility. Upon entrance into the housing facilities of these jails, visitors must go through metal detectors. Metal detectors assist in the reduction of contraband items being accessible to the jail population. Items such as firearms, knives and various other metallic instruments can be detected by this devise which instantly alert staff to a potentially harmful situation as these items can pose imminent danger to staff as well as prisoners.

EQUIPMENT FOR THE SAN BRUNO COMPOUND

The Sheriff requests \$6,955 for the purchase of six pieces of equipment needed for County Jail #3 at San Bruno. County Jail #3 is the oldest operating jail in the State of California. The building is in despair and repairs are constant. From analysis of the building crew, the following equipment is needed for maintenance and emergency situations that may arise: drill press, mig welder, hydraulic press, air compressor, trash pump and key duplicating machine.

Item 8 – File 98-1828

Department: Public Utilities Commission (PUC)

Item: Ordinance appropriating \$590,000 from the Clean Water Program Fund balance to Claims and Judgements and authorizing settlement of litigation between Peter and Barbara Winkelstein and the City and County of San Francisco, Superior Court No. 980-740.

Amount: \$590,000

Source of Funds: PUC Clean Water Program Fund

Description: The proposed ordinance would serve the dual purpose of appropriating \$590,000 to settle litigation against the City as well as authorizing the City Attorney to settle the litigation with the plaintiffs Peter and Barbara Winkelstein with a payment by the City to the Winkelstein's of \$590,000.

On December 11, 1995, the sandy soil underlying the hillside between 24th Avenue and El Camino del Mar in the Seacliff District of the City was eroded by storm water flowing from a failed brick sewer that crossed beneath the slope. The erosion resulted in, among other damages, loss of the front yard and garden of the Winkelstein's residence, undermining the foundation and causing other structural damage to the Winkelstein's residence.

The PUC declared an emergency on December 11, 1995. The Board of Supervisors approved a resolution authorizing the emergency repair work on the brick sewer in January of 1996 (Resolution No. 84-96). According to Mr. Everett Hintze at the PUC, the sewer repair work was completed on October 16, 1996 at a total estimated cost of \$8.2 million, all of which was reimbursed by the Federal Emergency Management Agency (FEMA).

The proposed payment of \$590,000 would settle all claims by the Winkelstein's against the City and would pay for repairs to their residence, garden and related costs. In consideration for the proposed settlement, the Winkelstein's have agreed to dismiss the City with

prejudice from the referenced litigation, to fully release the City from all claims arising from the Seacliff incident and to assign to the City all claims that the Winkelstein's have against co-defendants to the action.

Comment:

According to Ms. Louise Simpson of the City Attorney's Office, in light of the potential exposure that the City would face should this case proceed to trial, plus the expense of trial itself, the proposed settlement payment of \$590,000 is reasonable. Ms. Simpson advises that if the Finance Committee needs additional information regarding the basis for the proposed settlement, such information should be addressed by the City Attorney's Office in executive session.

Recommendation:

Approval of this proposed ordinance is a policy matter for the Board of Supervisors.

Item 9 - File 98-1653

Department: Department of Real Estate

Item: Ordinance amending the Administrative Code to add Section 23.26A to authorize the Director of Property to terminate leases or extend leases for lessees in buildings to be acquired by the City by eminent domain for the Moscone Center Expansion Project.

Description: In March, 1996, San Francisco voters approved a ballot measure to authorize issuance of lease revenue bonds, in an amount not to exceed \$157,500,000, for the development of a new facility to provide additional convention meeting and exhibit space to supplement the Moscone Center. The proposed new facility would contain 300,000 square feet for such meeting and exhibit space. The current estimated total project cost for the proposed Moscone Convention Center Expansion Project is approximately \$319,000,000.

The Board of Supervisors approved resolution 697-98 (File 98-1278) on August 24, 1998, authorizing the acquisition, by eminent domain, of the properties listed in the table below, for the Moscone Center Expansion Project.

Property	Appraised Fair Market Value ¹	Total Square Footage of Land	Existing Improvements
1. Hearst Corporation Parking Lot - 860 Howard Street	\$15,000,000	109,977	Asphalt Paving, chain link fence and parking control equipment - used as a fee parking lot for approximately 450 automobiles
2. 325 Minna Street	4,000,000	13,999	Two story office and retail building of approximately 28,500 rentable square feet; three lessees.
3. 150 4 th Street	38,000,000	55,250	Six story office and retail building, including a rentable area of approximately 275,000 square feet of office and retail area and basement parking for approximately 140 automobiles; 25 lessees.
Total	\$ 57,000,000	179,226	

¹ Based on the fair market value appraisals shown in the table above, the City has placed a total of \$57,000,000 in escrow pending the Court determination of the amounts the City should pay for the properties to be acquired by eminent domain. The source of funds for the acquisition of these properties is previously appropriated Moscone Center Expansion Project funds.

Under the "Order of Immediate Possession" obtained by the City in the Superior Court on September 17, 1998, the City plans to take possession of the properties listed in the table above in January, 1999. The Director of Property will then assume authority over the leased premises. Lastly, the court order enables the City to take possession of the tenant's leasehold interests, on March 31, 1999. Currently, the Moscone Center Expansion Project schedule calls for demolition of the properties listed in the table above, beginning on July 1, 1999. The Moscone Center Expansion Project is currently scheduled to be completed in February, 2003.

Under Administrative Code Section 23.26, if the City acquires real property for a public project that is under lease to a hold-over tenant, the Director of Property may negotiate a new lease for the property with the same lessee at a fair-market rental on a month-to-month or shorter basis, for a length of time that does not interfere with the public project, subject to approval by the Board of Supervisors.

According to Mr. Steve Alms, Senior Real Property Officer for the Department of Real Estate, when the City acquires property by eminent domain, the City is liable for relocation expenses of businesses and residents and, potentially, for any claims by lessees for the "loss of goodwill" due to the relocation.

This proposed ordinance would:

- Authorize the Director of Property, without further approval of the Board of Supervisors, to terminate any lease in the properties to be acquired by eminent domain for the Moscone Center Expansion Project when that tenant delivers possession of the premises to City. The lease would terminate as if it had otherwise expired, and rent would be forgiven. This would eliminate the risk to the tenants of paying rent in two locations at once. This provision would apply only if the tenant delivers possession of the premises after the City takes possession of the landlords' interests, but before March 31, 1999; and,
- Authorize the Director of Property to act in his discretion and without further approval by the Board of Supervisors, to extend the lease terms and obligations of any leases in the properties after March 31, 1999, on a month-to-month or shorter basis, provided that the extension does not interfere

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with the properties' demolition as part of the Moscone Center Expansion Project.

The proposed legislation would expire on December 31, 1999, at which time the Director of Property would no longer have the authority described above over the properties to be acquired for the Moscone Center Expansion project.

According to Mr. Alms, Mr. Anthony DeLucchi, the Director of Property has recommended this legislation in order to meet the City's statutory obligation to minimize the adverse effect on tenants of displacement, to provide relocation benefits, and to minimize the City's liability for damages to the tenants for goodwill. Because the Department of Real Estate must accommodate the diverse needs and schedules of as many as 30 tenants which will be engaged in lease negotiations for their relocation, the Department believes that the Director of Property requires the flexibility to enter into separate arrangements with each individual tenant without having to secure Board of Supervisors' approval by ordinance for each individual lease termination or extension.

Comments: 1. The attachment to this report, provided by the Department of Real Estate, provides a listing of the 30 current tenants of the three properties to be acquired by eminent domain for the Moscone Center Expansion Project.

2. According to Mr. Alms, total rent paid by the 30 tenants of the properties to be acquired for the Moscone Center Expansion Project amounts to approximately \$550,000 per month. Mr. Alms indicates that five of the largest tenants representing approximately 150,000 square feet, have expressed interest in extending occupancy at the properties through June 30, 1999. Mr. Alms also indicates that, in the current market, it is unlikely that a large number of tenants will deliver possession of their premises to the City prior to March 31, 1999. Therefore, any loss of rental income to the City, due to early termination of leases and forgiveness of rent, will be more than offset by additional rental income due to extension of leases beyond the March 31, 1999 date when the City is scheduled to take possession of the leased premises.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

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MOSCONE CENTER EXPANSION PROJECT
TENANT ROSTER
10/20/98

150 FOURTH STREET		
	Tenant	Area
1	Bank of America	4,129
2	Boise Cascade Office Products Corp. a Delaware Corporation	2,036
3	Capital Business Group, Inc. dba Capital Resource Group	1,990
4	Chelsea Development Company, LP Successor in Interest to Harold J. Moose	750
5	Chevy's, Inc. a California Corporation Wholly Owned Subsidiary of JWC Acquisition II, Inc., a Delaware Corporation	8,486
6	Ed Rathmann and Glenn Thompson, a California General Partnership dba Willow Street Wood-Fired Pizza Successor in Interest to Fresh Choice, Inc., a Delaware Corporation	8,120
7	Elsie S. Nishkian Corporation Successor in Interest to Byron Nishkian	750
8	Executive Suites, Inc. a California Corporation	2,020
9	First American Title Insurance Company	7,210
10	GTE Mobilnet of California Limited Partnership a California Limited Partnership	Roof/ Garage
11	Harding Lawson Associates Group, Inc. a Delaware Corporation	4,272
12	Jitters Espresso Bars, Inc., a California Corporation	807
13	Jones Lang Wootton (Building Manager)	
14	Main Street California, Inc. dba TGI Friday's an Arizona Corporation	7,600
15	MCI International, Inc. a Delaware Corporation	11,308
16	Metropolitan Fiber Systems of San Francisco, Inc.	125
17	Millennium Entertainment Corporation	1,385
18	Pacific Bell Directory Services	66,486
19	Regents of the University of California	28,945
20	SiteLine Communications, Inc. a California Corporation	300
21	SRE San Francisco Retail, Inc. a Delaware Corporation (SONY)	7,208
22	State Compensation Insurance Fund a public enterprise fund	47,539
23	Sumitomo Bank of California a California Corporation	41,570
24	The Chronicle Publishing Company a Nevada Corporation	9,807
25	Zim-American Israeli Shipping Company, Inc.	995
26	Westview Press	807
1 HOLLAND COURT		
1	Nishkian & Associates	5,823
2	Cadillac Bar & Grill	7,835
3	California State Department of Corrections	14,842
860 HOWARD STREET		
1	Allright Cal, Inc. (Parking Operator)	

Item 10 – File 98-1659

Department: All City Departments

Item: Ordinance amending Part 1, Chapter 16, Article 1, of the San Francisco Municipal Code (Administrative Code) by amending Section 16.6, relating to membership by City Departments in professional, trade, and other organizations, and repealing Sections 16.6-1, 16.6-2, 16.6-2.1, 16.6-3, 16.6-4, 16.6-5, 16.6-6, 16.6-7, 16.6-8, 16.6-9, 16.6-10, 16.6-11, 16.6-12, 16.6-13, 16.6-14, 16.6-15, 16.6-16, 16.6-17, 16.6-17.1, 16.6-17.2, 16.6-17.3, 16.6-17.4, 16.6-19, 16.6-20, 16.6-21, 16.6-22, 16.6-23, 16.6-24, 16.6-25, 16.6-26, 16.6-27, 16.6-28, 16.6-29, 16.6-30, 16.6-31, 16.6-32, 16.6-33, 16.6-34, 16.6-35, 16.6-35.1, 16.6-36, 16.6-37, 16.6-38, 16.6-39, 16.6-40, 16.6-41, 16.6-41, 16.6-42, 16.6-43, 16.6-44, 16.6-45, 16.6-46, 16.6-47, 16.6-47.1, 16.6-59, 16.6-60, 16.6-61 and 16.6-62, authorizing membership in various organizations, re-numbering Sections 16.6-48, 16.6-49, 16.6-49.1, 16.6-49.2, 16.6-49.3, 16.6-51, 16.6-53, 16.6-54, 16.6-55, 16.6-56, 16.6-57 and 16.6-58 as new Sections 16.6-1, 16.6-2, 16.6-3, 16.6-4, 16.6-5, 16.6-6, 16.6-7, 16.6-8, 16.6-9, 16.6-10, 16.6-11 and 16.6-12 respectively, and providing for continuation of current and existing memberships.

Description: Currently, Sections 16.6-1 through 16.6-47.1 and 16.6-59 through 16.6-62 lists 57 City boards, commissions, and departments and the membership organizations in which each is authorized to become a member.

Under the proposed ordinance, instead of specifying City boards, commissions and departments and the organizations that each may belong to, the proposed language would be added to Section 16.6 of the Administrative Code:

“City Departments and their duly authorized officers and employees may acquire and maintain membership in professional, trade and other organizations, where such membership is in the interest and for the benefit of the City and County as follows:

By May 1st of each year, each board, commission and department head of the City and County shall submit to

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BUDGET ANALYST

the Mayor, Controller and the Board of Supervisors a listing for the next fiscal year of each and every organization in which the board, commission or department wishes to be a member, including a listing of the membership costs for each organization in which membership will be sought. The listing shall also specify which organizations have been added to or deleted from the previous year's list. The proposed memberships shall be deemed approved unless specifically disapproved by resolution of the Board of Supervisors introduced within 60 days of submission of the department's list."

In addition to adding the above-quoted language, which provides a general authorization for City boards, commissions, and departments to be members of various organizations, which each board, commission, and department determines to be in the best interest of the City, the proposed ordinance deletes Sections 16.6-1 through 16.6-62 which list 57 City boards, commissions and departments and which specifies the membership organizations for which each has authorized memberships.

Comments:

1. According to Ms. Erin McGrath in the Office of the Author, the purpose of this proposed legislation is to simplify the process of authorizing membership in membership organizations, which is cumbersome if departments want to drop membership in an approved organization, add new organizations to the approved list, or if organizations change names.

2. The monies needed to fund all memberships would still be subject to Board of Supervisors approval.

Recommendation:

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 11 – File 98-1747

- Department:** San Francisco Law Library
- Item:** Resolution increasing civil filing fees and appearance fees as provided for in State Business and Professions Code Sections 6321, 6322 and 6322.1 for operation of the Law Library.
- Description:** The proposed resolution would increase the fees paid by all parties to a civil suit by \$3 per filing, from \$21 to \$24, effective January 1, 1999. The revenues from the \$3 fee increase would be remitted by the Trial Courts to the San Francisco Law Library.
- Law Library civil filing fees currently total \$21 per filing. The amount of this civil filing fee, which is allocated to the Law Library by the Trial Courts, is included in both the total civil filing fees of \$193 in Superior Court and \$98 in Municipal Court. Under the proposed resolution, the civil filing fees allocated by the Superior and Municipal Courts to the Law Library would increase by \$3, from \$21 to \$24, thereby increasing total filing fees from \$193 to \$196 in Superior Court and from \$98 to \$101 in Municipal Court, pertaining to filing fees related to a civil law suit.
- Ms. Marcia Bell of the Law Library projects that the proposed \$3 increase in civil filing fees will generate approximately \$146,196 annually in increased fee revenue (\$3 x 48,732 projected annual civil filings). Ms. Bell advises that there were approximately 48,945 civil filings in the San Francisco Superior and Municipal Courts in FY 1997-98, which generated a total of \$1,027,845 in filing fee income for the Law Library. Ms. Bell also advises that the estimated 48,732 civil filing fees in FY 1998-99 assumes a modest reduction in the number of filing from FY 1997-98.
- Comments:** 1. Ms. Bell advises that County Law Libraries are established in accordance with State law. Ms. Bell reports that State Business and Professions Code Section 6322.1 permits the Board of Supervisors to annually increase the Law Library civil filing fee by \$3 per filing, as long as the increase is excluded from the definition of

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BUDGET ANALYST

total civil filing fee. Ms. Bell states that, if the fee increase was included in the definition of the total filing fee, the effect would be to reduce the portion of the total civil filing fee transmitted to the State Controller for deposit in the Trial Court Trust Fund. The intent of Section 6322.1 is to permit a Law Library fee increase without affecting the Trial Court Trust Fund.

2. Ms. Bell reports that Law Library civil filing fees were last increased in 1996, when they were increased by \$3, from \$18 to \$21. At the time, Law Library staff was not able to project how many years that the \$3 increase would provide adequate revenues to support Law Library operations. Ms. Bell advises that if the proposed \$3 fee increase is approved, she does not know for how many years the new \$24 fee would provide adequate income for the Law Library, so she cannot predict in what year the next fee increase would be requested.

3. Mr. Madden of the Controller's Office advises that the Law Library is a quasi-public institution. As such, Mr. Madden reports that State law establishes that civil filing fee revenues are to be disbursed by the Law Library Board of Trustees and are not subject to appropriation approval by the Board of Supervisors. An annual General Fund contribution to support of the Law Library is approved by the Board of Supervisors, but the balance of the Law Library's budget is subject only to approval by the Law Library Board of Trustees. In FY 1998-99, Ms. Bell states that total Law Library budgeted revenues are as follows:

<u>Revenue Source</u>	<u>Projected FY 1998-99 Amount</u>
General Fund	\$262,599
Civil Filing Fees	1,092,846
Inter-Library Loan Fees	66,780
Checking & Savings Interest	725
Photocopy Fees	24,000
Fax Fees	9,000
Miscellaneous Income	500
Automation Project Fund*	210,423
Earnings on Reserve Fund**	<u>38,375</u>
Total	\$1,705,248

*Ms. Bell states that the Law Library's conversion from manual to automated library and reference systems will be funded by a one-time payment received last year from the Superior Court to make up for amounts due from prior years related to the civil filing fee allocations to the Law Library.

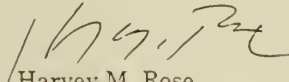
**Ms. Bell also states that all Law Libraries in California maintain reserve investments, which are part of their capital assets.

As noted in the above table, the FY 1998-99 General Fund budget, as previously approved by the Board of Supervisors, is \$262,599. The non-General Fund portion of the Law Library's budget totals \$1,442,649 (\$1, 705,248 less \$262,599).

Comment:

In the attached memorandum, Ms. Bell states that the \$3 "fee increase is necessary because filing fee income is declining due to a decrease in the number of civil filings." This memorandum also contains the Law Library's FY 1998-99 non-General Fund budget based on the proposed \$3 civil filing fee increase.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.


Harvey M. Rose

cc: Supervisor Teng
President Kaufman
Supervisor Newsom
Supervisor Ammiano
Supervisor Bierman
Supervisor Brown
Supervisor Katz
Supervisor Leno
Supervisor Medina
Supervisor Yaki
Supervisor Yee
Clerk of the Board
Controller
Gail Feldman
Matthew Hymel
Stephen Kawa
Ted Lakey

San Francisco Law Library

401 VAN NESS AVENUE, ROOM 400
SAN FRANCISCO, CA 94102-4552
Telephone (415) 554-6821
Facsimile (415) 554-6820

Attachment
Page 1 of 2

To: Harvey Rose, Legislative Budget Analyst

From: Marcia R. Bell, Law Librarian

Date: 11/06/98

Re: Law Library Filing Fee Resolution

The San Francisco Law Library Board of Trustees requests that the Board of Supervisors approve a resolution increasing the Law Library share of Municipal and Superior Court filing fees from \$21.00 to \$24.00 effective January 1, 1999. This fee increase is necessary because filing fee income is declining due to a decrease in the number of civil filings. The \$3.00 increase will offset declining revenue.

The filing fee increase does not impact the general fund or the Trial Court Trust Fund.

Filing fees fund Law Library operating expenses. The last fee increase was effective January 1996 which increased filing fee revenues in fiscal year 1996-97 (the first full year after the 1996 fee increase), reversing a steady decline in filings and fee revenue. The following year the decline in civil filings resumed causing a 6.2% decrease in the Library's filing fee income for the year ending June 30, 1998. Four months into the current fiscal year fee income is 5% lower than the same period last year. Declining fee revenues will not permit the Law Library to keep pace with ordinary operating expenses nor enable it to fund special projects. Periodic fee increases are necessary to generate sufficient income to fund Law Library expenses. The rate of inflation for legal publications exceeds that of the general economy, yet legal materials must be updated to maintain currency as laws are amended and revised continually. For example, supplementation costs for West's Legal Forms increased 115% and Federal Practice and Procedure by Wright and Miller increased 68.67% between 1995 and 1996.

San Francisco compared to other County Law Libraries:

Law Library filing fee rates are lower in San Francisco than those of 16 other California counties, although our Law Library has the second largest collection in the state. Most metropolitan counties receive \$23 to \$26 per filing. San Francisco receives \$21 per filing.

Deadline: If the increase is not approved by December 31, 1998, the Law Library cannot receive the benefits of a fee increase until January 2000.

Law Library Budget FY 1998-99
(Non-General Fund)

Attachment
Page 2 of 2

Filing Fee Income:	Original Budget	\$3 Increase	Revised Budget
Superior Court	684,360	46,438	730,798
Municipal Court	339,042	23,006	362,048
Total Filing Fees	1,023,402	69,444	1,092,846

Miscellaneous Income:

Interlibrary Loan Fees	66,760
Investment Interest	38,375
Checking & Savings Interest	725
Copiers	24,000
Fax	9,000
Miscellaneous	500
Total Miscellaneous Income	139,380
Automation Project Fund	210,423
Total Revenue	1,442,649

Operating Expenses:

Salaries	395,662
Health Insurance	31,047
Retirement Fund	60,239
Books & Multimedia Materials	456,539
Bookbinding	12,154
Consultant Services	6,600
Contractual Services	6,600
Equipment Rental	223
Furniture & Equipment	4,200
Insurance Fidelity	334
Insurance Liability	7,700
Insurance Valuable Papers	5,225
Insurance Workers' Comp.	4,394
Materials & Supplies	7,058
Miscellaneous	3,600
Payroll Taxes	34,703
Postage & Delivery	1,200
Public Relations	2,800
Rent Branch	58,819
Repairs & Maintenance	1,000
Telephone	1,500
Training & Prof. Affiliations	13,319
Westlaw Expenses	1,000
Automation Project	326,733
Total Expenses	1,442,649

25
198
e/d

BOARD of SUPERVISORS



401 Van Ness Avenue, Room 308
San Francisco 94102-4532
Tel. No. 554-5184
TDD No. 554-5227

DOCUMENTS DEPT.

NOV 19 1998

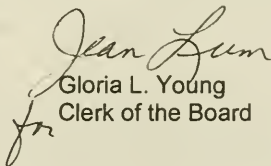
SAN FRANCISCO
PUBLIC LIBRARY

NOTICE OF CANCELLED MEETING

FINANCE COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

NOTICE IS HEREBY GIVEN That the regularly scheduled Finance
Committee meeting of Wednesday, November 25, 1998, at 1:00 p.m., at
401 Van Ness Avenue, Room 410, has been cancelled.


Gloria L. Young
Clerk of the Board



City and County of San Francisco

Meeting Agenda

Finance Committee

Members: Supervisors Mabel Teng, Barbara Kaufman, Gavin Newsom

Clerk: Joni Blanchard

Veterans Building
401 Van Ness Avenue,
Room 308
San Francisco, CA
94102-4532- Fax 6123 157 807
DOCUMENTS DEPT. 11/24/98

NOV 30 1998

SAN FRANCISCO
PUBLIC LIBRARY

25 Wednesday, December 02, 1998

1:00 PM

Veterans Building
401 Van Ness Ave., Room 410
San Francisco, CA 94102

Regular Meeting

CONSENT AGENDA

All matters listed hereunder constitute a Consent Agenda, are considered to be routine and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee so requests, in which event the matter shall be removed from the Consent Agenda and considered as a separate item.

1. 981651 [Reserved Funds, Public Transportation Commission]
Hearing to consider release of reserved funds, Public Transportation Commission (Resolution No. 529-91, File 94-91-4), in the amount of \$296,000, to continue project implementation activities for the renovation of Presidio Division Operator Training Facilities. (Public Transportation Commission)
10/5/98, RECEIVED AND ASSIGNED to Finance Committee.
2. 981652 [Reserved Funds, Public Transportation Commission]
Hearing to consider release of reserved funds, Public Transportation Commission (Resolution No. 529-91, File 94-91-4), in the amount of \$400,000, to continue project implementation activities for the Potrero Facility Improvement Program/Roof and Drainage Renovation. (Public Transportation Commission)
10/5/98, RECEIVED AND ASSIGNED to Finance Committee.
3. 981684 [Reserved Funds, Fire Department]
Hearing to consider release of reserved funds, Fire Department (1986 Fire Protection Bond interest earnings, Ordinance No. 127-96) in the amount of \$44,500, to fund a portion of AWSS Ashbury Water Storage Tank rehabilitation project. (Fire Department)
10/5/98, RECEIVED AND ASSIGNED to Finance Committee.
4. 981886 [Reserved Funds, Recreation and Park Department]
Hearing to consider release of reserved funds, Recreation and Park Department (1992 Golden Gate Park Infrastructure Bond Fund proceeds, Ordinance 368-97), in the amount of \$8,166,908, to fund the Bowling Green Drive Zone Projects in the Golden Gate Park. (Recreation and Parks Department)
11/6/98, RECEIVED AND ASSIGNED to Finance Committee.

5. 981890 **[Reserved Funds, Fire Department]**
Hearing to consider release of reserved funds, Fire Department, in the amount totaling \$800,000 (\$341,613 from 1992 Fire Protection Bond proceeds, Ordinance No. 430-96; \$458,387 from FEMA Grant, Resolution No. 1026-97), for renovation work at Fire Station No. 29. (Department of Public Works)

11/9/98, RECEIVED AND ASSIGNED to Finance Committee.
6. 981843 **[Prop J Contract, Victim Witness Services]**
Resolution concurring with the Controller's certification that assistance to certain victims of crime and education in community anti-street violence can be practically performed for the District Attorney's Victim Witness Assistance Program by a private contract for a lower cost than similar work services performed by City and County employees. (District Attorney)

10/30/98, RECEIVED AND ASSIGNED to Finance Committee.
7. 981879 **[Emergency Repair, 19th Street Sewer]**
Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate sewer on 19th Street from Guerrero to Dolores Streets - \$132,602. (Public Utilities Commission)

11/4/98, RECEIVED AND ASSIGNED to Finance Committee.
8. 981880 **[Emergency Repairs, Moccasin Newark Tower Footings/Corral Hollow Access Roads]**
Resolution authorizing expenditure of funds for emergency restoration of supporting soil around Moccasin Newark Transmission Line Tower footings and repair to access roads in Corral Hollow - \$750,000. (Public Utilities Commission)

(Fiscal impact.)

11/4/98, RECEIVED AND ASSIGNED to Finance Committee.
9. 981877 **[Healthcare for Indigents Program]**
Resolution authorizing adoption of the County Description of Proposed Expenditure of California Healthcare for Indigents (CHIP) funds for fiscal year 1998-1999 and that the President or duly authorized representative of the Board of Supervisors of the City and County of San Francisco can certify the County Description of Proposed Expenditure of CHIP Funds for fiscal year 1998-1999. (Department of Public Health)

11/4/98, RECEIVED AND ASSIGNED to Finance Committee.

10. 981881 [Transfer to General Fund - PUC/Hetch Hetchy Surplus Funds]
Resolution concurring with the Public Utilities Commission's fact finding that a fund surplus (\$42,703,273) exists in the utilities which can be transferred to the General Fund. (Public Utilities Commission)

(Fiscal impact.)

11/4/98, RECEIVED AND ASSIGNED to Finance Committee.
11. 981689 [Acceptance of Easement Deed]
Resolution authorizing the Director of Property to accept a drainage easement deed over private property (Block 4991, Lots 108-110, Le Conte Drainage Easements), in the Bayview Hill Subdivision. (Real Estate Department)

10/7/98, RECEIVED AND ASSIGNED to Finance Committee.
12. 981841 [Quitclaim Deed, Assessor's Block 3593, Lot 40]
Resolution authorizing and directing the execution of a Quitclaim Deed from the City and County of San Francisco to the San Francisco Unified School District, a political subdivision of the State of California, for a portion of Assessor's Block 3593, Lot 40, formerly Treat Avenue north of 20th Street and adopting findings pursuant to Planning Code Section 101.1. (Real Estate Department)

10/28/98, RECEIVED AND ASSIGNED to Finance Committee.

REGULAR AGENDA

13. 981790 [Airport Concession Lease]
Resolution approving Boarding Areas "B" and "C" Principal Concessions Retail Lease between Pacific Gateway Concessions, LLC and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

10/26/98, RECEIVED AND ASSIGNED to Finance Committee.
14. 981791 [Airport Lease Agreement, Nippon Cargo Airlines]
Resolution approving lease agreements for cargo warehouse space in the North Field Cargo Facility between Nippon Cargo Airlines Company, Inc. and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

10/26/98, RECEIVED AND ASSIGNED to Finance Committee.
15. 981876 [Amendment to Municipal Executives Association MOU]
Ordinance implementing the provisions of an amendment to the Memorandum of Understanding between the Municipal Executive Association and the City and County of San Francisco pursuant to Article III.E.3, Subsections (B.1) and (E) of the Memorandum of Understanding, to provide internal adjustments for the time period beginning July 1, 1998 through June 30, 2001. (Department of Human Services)

11/4/98, RECEIVED AND ASSIGNED to Finance Committee.

16. 981874 **[Appropriation, Juvenile Probation]**
Ordinance appropriating \$607,007, Juvenile Probation Department, of Federal Temporary Assistance to Needy Families (TANF) for salaries, training, professional services, materials and supplies, facilities maintenance and repairs, equipment and services of other departments, for fiscal year 1998-1999; placing \$126,845 on reserve. (Controller)

(Fiscal impact.)

11/4/98, RECEIVED AND ASSIGNED to Finance Committee.
17. 981875 **[Appropriation, Juvenile Probation]**
Ordinance appropriating \$412,604, and rescinding \$142,853, from Overhead-Budget and \$137,045 from Professional Services to provide funds for salaries, fringe benefits, equipment, services of other departments and the creation of one (1) position for the Department of Juvenile Probation for fiscal year 1998-1999. (Controller)

(Fiscal impact; companion measure to File 981882.)

11/4/98, RECEIVED AND ASSIGNED to Finance Committee.
18. 981882 **[Annual Salary Ordinance Amendment, Juvenile Probation]**
Ordinance amending Ordinance No. 243-98 (Annual Salary Ordinance, 1998-1999), Juvenile Probation Department, reflecting the creation of one position (Class 1372 Special Assistant XVIII). (Department of Human Resources)

(Companion measure to File 981875.)

11/4/98, RECEIVED AND ASSIGNED to Finance Committee.
19. 981926 **[Citywide Emergency Radio System Financing]** Mayor
Resolution approving the issuance of lease revenue bonds of the City and County of San Francisco Finance Corporation; approving the execution and delivery of a first amendment to the site lease agreement between the City and County, as lessor, and the City and County of San Francisco Finance Corporation, as lessee, relating to certain police and fire facilities located in the City (as further described in this resolution); approving the execution and delivery of a first amendment to lease and option to purchase between the Corporation, as lessor, and the City, as lessee, relating to the property; approving the execution and delivery of a first supplemental indenture of trust among the corporation, the City and the Trustee; approving the execution and delivery of a continuing disclosure certificate relating to said bonds, ratifying previous actions taken in connection with the foregoing matters; adopting findings under the California Environmental Quality Act and findings pursuant to Planning Code Section 101.1; and authorizing the taking of appropriate actions in connection therewith.

(Fiscal impact.)

11/16/98, RECEIVED AND ASSIGNED to Finance Committee.

20. 981849 [Appropriation, Public Library] Mayor
Ordinance appropriating \$250,000 of 1988 Public Library improvement bond interest earnings to capital improvement projects for the Public Library for fiscal year 1998-1999.

(Fiscal impact.)

11/2/98, RECEIVED AND ASSIGNED to Finance Committee.
21. 981850 [Membership in Organizations] Mayor
Ordinance amending Administrative Code Section 16.6-47-1 relating to Police Department memberships by adding specified organizations.

(Amends Section 16.6-47-1.)

11/2/98, RECEIVED AND ASSIGNED to Finance Committee.
22. 981887 [Management Agreement for City Hall Cafe]
Resolution authorizing the execution and Management Agreement for a cafe on the ground floor of City Hall with L & L, a Partnership. (Real Estate Department)

11/6/98, RECEIVED AND ASSIGNED to Finance Committee.
23. 981952 [Real Property Lease, City Hall Post Office]
Resolution authorizing a lease of real property at City Hall with the United States Postal Service. (Real Estate Department)

11/17/98, RECEIVED AND ASSIGNED to Finance Committee.
24. 981889 [Public Auction - Tax-defaulted Real Property]
Resolution authorizing Tax Collector to sell at public auction certain parcels of tax-defaulted real property. (Treasurer-Tax Collector)

11/9/98, RECEIVED AND ASSIGNED to Finance Committee.
25. 981810 [New Jobs Tax Credit Expansion] Supervisors Kaufman, Katz, Leno
Ordinance amending Municipal Code Part III, Sections 906B and 1005.6 to add two additional years of tax credits for new jobs created on or after January 1, 1998.

(Amends Part III, Sections 906B and 1005.6.)

10/26/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/25/1998.

26. 981812 [Surplus Business Tax Revenue Credit] Supervisors Kaufman, Leno
- Ordinance amending Municipal Code Part III by adding Section 906E, creating a \$500 payroll expense tax credit to taxpayers for any taxable year ending within a fiscal year of the City and County of San Francisco immediately following a fiscal year for which the City and County has surplus business tax revenue.
- (Fiscal impact; Adds Section 906E.)
- 10/26/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/25/1998.
27. 981813 [Surplus Business Tax Revenue Credit] Supervisors Kaufman, Leno
- Ordinance amending Municipal Code Part III by adding Section 1005.9, creating a \$500 business tax credit to taxpayers for any taxable year ending within a fiscal year of the City and County of San Francisco immediately following a fiscal year for which the City and County has surplus business tax revenue.
- (Fiscal impact; Adds Section 1005.9.)
- 10/26/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/25/1998.
28. 981844 [Union Square Business Improvement District] Supervisor Kaufman
- Resolution declaring the intention of the Board of Supervisors to establish a property and business improvement district to be known as the "Union Square Business Improvement District," to order the levy and collection of a multi-year assessment, and setting a time and place for a public hearing thereon (January 25, 1999 at 3:00 p.m. or as soon thereafter as the matter may be heard).
- 11/2/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 12/2/1998.
29. 981845 [Business Improvement District Ballot Procedures] Supervisor Kaufman
- Resolution establishing ballot procedures governing ballots cast by property owners of property located within the boundaries of a proposed business improvement district to be known as the "Union Square Business Improvement District."
- 11/2/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 12/2/1998.

IMPORTANT INFORMATION

NOTE: Persons unable to attend the meeting may submit to the City, by the time the proceeding begins, written comments regarding the agenda items above. These comments will be made a part of the official public record and shall be brought to the attention of the Board of Supervisors. Any written comments should be sent to Committee Clerk, Finance Committee, San Francisco Board of Supervisors, 401 Van Ness Avenue, Room 308, San Francisco, California 94102 by 5:00 p.m. on the day prior to the hearing. Comments which cannot be delivered to the committee clerk by that time may be taken directly to the hearing at the location above.

Adjournment

LEGISLATION UNDER THE 30-DAY RULE

Rule 5.40 provides that when an ordinance or resolution is introduced which would CREATE OR REVISE MAJOR CITY POLICY, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. The provisions of this rule shall not apply to the routine operations of the departments of the City or when a legal time limit controls the hearing timing. In general, the rule shall not apply to hearings to consider subject matter when no legislation has been presented, nor shall the rule apply to resolutions which simply URGE action to be taken.

30. 981707 [Gift Certificates for Payment for Parking and City Garages] Supervisor Kaufman
Ordinance amending Administrative Code by amending Section 2A.180 to grant authority to the Department of Parking and Traffic to sell gift certificates for payment for parking at city garages.

(Amends Section 2A.180.)

10/13/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/13/1998.
31. 981796 [ATM Surcharges] Supervisors Ammiano,
Bierman, Medina, Yee
Ordinance amending Police Code by adding Section 648.1 to prohibit a financial institution from imposing a surcharge on non-account holders who use ATMS of the financial institution that are located in San Francisco.

(Adds Section 648.1.)

10/26/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/25/1998.
32. 981810 [New Jobs Tax Credit Expansion] Supervisors Kaufman,
Katz, Leno
Ordinance amending Municipal Code Part III, Sections 906B and 1005.6 to add two additional years of tax credits for new jobs created on or after January 1, 1998.

(Amends Part III, Sections 906B and 1005.6.)

10/26/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/25/1998.
33. 981812 [Surplus Business Tax Revenue Credit] Supervisors Kaufman,
Leno
Ordinance amending Municipal Code Part III by adding Section 906E, creating a \$500 payroll expense tax credit to taxpayers for any taxable year ending within a fiscal year of the City and County of San Francisco immediately following a fiscal year for which the City and County has surplus business tax revenue.

(Fiscal impact; Adds Section 906E.)

10/26/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/25/1998.

34. 981813 [Surplus Business Tax Revenue Credit] Supervisors Kaufman, Leno
- Ordinance amending Municipal Code Part III by adding Section 1005.9, creating a \$500 business tax credit to taxpayers for any taxable year ending within a fiscal year of the City and County of San Francisco immediately following a fiscal year for which the City and County has surplus business tax revenue.
- (Fiscal impact; Adds Section 1005.9.)
- 10/26/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/25/1998.
-
35. 981848 [Assessment Appeals Board Membership] Supervisor Kaufman
- Ordinance amending Administrative Code Sections 2B1 through 2B.8 and 2B.10 through 2B.14 to increase the number of Assessment Appeals Board members, to establish eligibility requirements for Assessment Appeals Board members, to establish criteria for selection of Assessment Appeals Board panels and hearing officers, to establish guidelines for joint meetings of the Assessment Appeals Boards, and to make nonsubstantive clarifying revisions.
- (Amends Sections 2B1 through 2B.8 and 2B.10 through 2B.14.)
- 11/2/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 12/2/1998.
-
36. 981927 [Union Square Business Improvement District Advisory Board] Supervisor Kaufman
- Resolution establishing an Advisory Board to make recommendations to the Board of Supervisors on the expenditure of revenues derived from assessments, on the classification of properties within, and on the method and basis for levying assessments upon, property located within the Union Square Business Improvement District.
- 11/16/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 12/16/1998.
-
37. 981936 [Penalties, Late Payment of Parking Tickets] Supervisor Teng
- Ordinance amending Traffic Code by adding Section 131 to Article 7, adopting a penalty schedule for the late payment of parking tickets and providing that the Board of Supervisors may by resolution declare periods of amnesty during which late payment penalties would be forgiven upon prompt payment of the underlying fine.
- (Adds Section 131.)
- 11/16/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 12/16/1998.

Watch future agendas for matters.

Disability Access

Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop, the #71 Haight/Noriega, the F line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.

There is accessible parking in the vicinity of the Veterans Building adjacent to Davies Hall and the War Memorial Complex.

Assistive listening devices are available for use in the Meeting Room and the Board Chamber. A device can be borrowed prior to or during a meeting. Borrower identification is required and must be held by Room 308 staff.

The following services are available on request 48 hours prior to the meeting or hearing:

For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.

For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

**FINANCE COMMITTEE
S.F. BOARD OF SUPERVISORS
VETERANS BUILDING
401 VAN NESS AVENUE, ROOM 308
SAN FRANCISCO, CA 94102**

IMPORTANT HEARING NOTICE!!!

**Bill Lynch
Govt Information Ctr
41 Library
100 Larkin Street**



City and County of San Francisco

Meeting Minutes Finance Committee

PARTIAL

Veterans Building
401 Van Ness Avenue,
Room 308
San Francisco, CA
94102-4532

Members: Supervisors Mabel Teng, Barbara Kaufman, Gavin Newsom

Clerk: Joni Blanchard

Wednesday, December 02, 1998

1:00 PM

Veterans Building
401 Van Ness Ave., Room 410
San Francisco, CA 94102

Regular Meeting

Members Present: Mabel Teng, Barbara Kaufman.

Members Absent: Gavin Newsom.

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DEC 10 1998

SAN FRANCISCO
PUBLIC LIBRARY

Meeting Convened

The meeting convened at 1:08 P.M.

CONSENT AGENDA

All matters listed hereunder constitute a Consent Agenda, are considered to be routine and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee so requests, in which event the matter shall be removed from the Consent Agenda and considered as a separate item.

981651 [Reserved Funds, Public Transportation Commission]

Hearing to consider release of reserved funds, Public Transportation Commission (Resolution No. 529-91, File 94-91-4), in the amount of \$296,000, to continue project implementation activities for the renovation of Presidio Division Operator Training Facilities. (Public Transportation Commission)

10/5/98, RECEIVED AND ASSIGNED to Finance Committee.

APPROVED AND FILED

981652 [Reserved Funds, Public Transportation Commission]

Hearing to consider release of reserved funds, Public Transportation Commission (Resolution No. 529-91, File 94-91-4), in the amount of \$400,000, to continue project implementation activities for the Potrero Facility Improvement Program/Roof and Drainage Renovation. (Public Transportation Commission)

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APPROVED AND FILED

981684 [Reserved Funds, Fire Department]

Hearing to consider release of reserved funds, Fire Department (1986 Fire Protection Bond interest earnings, Ordinance No. 127-96) in the amount of \$44,500, to fund a portion of AWSS Ashbury Water Storage Tank rehabilitation project. (Fire Department)

10/5/98, RECEIVED AND ASSIGNED to Finance Committee.

APPROVED AND FILED

981886 [Reserved Funds, Recreation and Park Department]

Hearing to consider release of reserved funds, Recreation and Park Department (1992 Golden Gate Park Infrastructure Bond Fund proceeds, Ordinance 368-97), in the amount of \$8,166,908, to fund the Bowling Green Drive Zone Projects in the Golden Gate Park. (Recreation and Parks Department)

11/6/98, RECEIVED AND ASSIGNED to Finance Committee.

APPROVED AND FILED

The foregoing items were acted upon by the following vote:

Ayes: 2 - Teng, Kaufman

Absent: 1 - Newsom

Severed from the Consent Agenda

981843 [Prop J Contract, Victim Witness Services]

Resolution concurring with the Controller's certification that assistance to certain victims of crime and education in community anti-street violence can be practically performed for the District Attorney's Victim Witness Assistance Program by a private contract for a lower cost than similar work services performed by City and County employees. (District Attorney)

10/30/98, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Amended on page 1, line 7 after "employees" to add "retroactively effective July 1, 1998" and on line 22 to insert "retroactively" before the word "effective."

AMENDED.

Resolution concurring with the Controller's certification that assistance to certain victims of crime and education in community anti-street violence can be practically performed for the District Attorney's Victim Witness Assistance Program by a private contract for a lower cost than similar work services performed by City and County employees retroactively effective July 1, 1998. (District Attorney)

RECOMMENDED AS AMENDED.. by the following vote:

Ayes: 2 - Teng, Kaufman

Absent: 1 - Newsom

REGULAR AGENDA

981790 [Airport Concession Lease]

Resolution approving Boarding Areas "B" and "C" Principal Concessions Retail Lease between Pacific Gateway Concessions, LLC and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

10/26/98, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst. Jon Ballesteros, Airport Commission

RECOMMENDED by the following vote:

Ayes: 2 - Teng, Kaufman

Absent: 1 - Newsom

981791 [Airport Lease Agreement, Nippon Cargo Airlines]

Resolution approving lease agreements for cargo warehouse space in the North Field Cargo Facility between Nippon Cargo Airlines Company, Inc. and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

10/26/98, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Jon Ballesteros, Airport Commission.

RECOMMENDED by the following vote:

Ayes: 2 - Teng, Kaufman

Absent: 1 - Newsom

Ordinance appropriating \$389,513, and rescinding \$119,762, from Overhead-Budget and \$137,045 from Professional Services to provide funds for salaries, fringe benefits, equipment, services of other departments and the creation of one (1) position for the Department of Juvenile Probation for fiscal year 1998-1999. (Controller)

(Fiscal impact; companion measure to File 981882.)

Speakers: Harvey Rose, Budget Analyst.; Sandy Brown, Juvenile Probation Dept.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Teng, Kaufman

Absent: 1 - Newsom

981882 [Annual Salary Ordinance Amendment, Juvenile Probation]

Ordinance amending Ordinance No. 243-98 (Annual Salary Ordinance, 1998-1999), Juvenile Probation Department, reflecting the creation of one position (Class 1372 Special Assistant XVIII). (Department of Human Resources)

(Companion measure to File 981875.)

11/4/98, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Amended on Page 1, line 11 to change "1372N" to "1372L" and "XVIII" to "XIII".
AMENDED.

Ordinance amending Ordinance No. 243-98 (Annual Salary Ordinance, 1998-1999), Juvenile Probation Department, reflecting the creation of one position (Class 1372 Special Assistant XIII). (Department of Human Resources)

(Companion measure to File 981875.)

Speakers: Harvey Rose, Budget Analyst; Sandy Brown, Juvenile Probation Dept.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Teng, Kaufman

Absent: 1 - Newsom

981926 [Citywide Emergency Radio System Financing]

Mayor

Resolution approving the issuance of lease revenue bonds of the City and County of San Francisco Finance Corporation; approving the execution and delivery of a first amendment to the site lease agreement between the City and County, as lessor, and the City and County of San Francisco Finance Corporation, as lessee, relating to certain police and fire facilities located in the City (as further described in this resolution); approving the execution and delivery of a first amendment to lease and option to purchase between the Corporation, as lessor, and the City, as lessee, relating to the property; approving the execution and delivery of a first supplemental indenture of trust among the corporation, the City and the Trustee; approving the execution and delivery of a continuing disclosure certificate relating to said bonds, ratifying previous actions taken in connection with the foregoing matters; adopting findings under the California Environmental Quality Act and findings pursuant to Planning Code Section 101.1; and authorizing the taking of appropriate actions in connection therewith.

(Fiscal impact.)

11/16/98, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Mike Martin, Emergency Radio Services.

RECOMMENDED by the following vote:

Ayes: 2 - Teng, Kaufman

Absent: 1 - Newsom

- 981889 [Public Auction - Tax-defaulted Real Property]**
Resolution authorizing Tax Collector to sell at public auction certain parcels of tax-defaulted real property.
(Treasurer-Tax Collector)
11/9/98, RECEIVED AND ASSIGNED to Finance Committee.
Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Willie Ross, Tax Collector's Office.
RECOMMENDED by the following vote:
Ayes: 2 - Teng, Kaufman
Absent: 1 - Newsom
- 981810 [New Jobs Tax Credit Expansion]** **Supervisors Kaufman, Katz, Leno, Teng**
Ordinance amending Municipal Code Part III, Sections 906B and 1005.6 to add two additional years of tax credits for new jobs created on or after January 1, 1998.
(Amends Part III, Sections 906B and 1005.6.)
10/26/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/25/1998.
Heard in Committee. Supervisor Teng added as co-sponsor. Speakers: Harvey Rose, Budget Analyst; John Clark, Legislative Analyst; Richard Sullivan, Tax Collector. Public Speakers: Supporting: Jim Chappell; Marvin Warren; Stephen Cornell; Riva; Ontine, Roberta Achtenberg. Opposed: Marc Norton.
RECOMMENDED by the following vote:
Ayes: 2 - Teng, Kaufman
Absent: 1 - Newsom
- 981812 [Surplus Business Tax Revenue Credit]** **Supervisors Kaufman, Leno**
Ordinance amending Municipal Code Part III by adding Section 906E, creating a \$500 payroll expense tax credit to taxpayers for any taxable year ending within a fiscal year of the City and County of San Francisco immediately following a fiscal year for which the City and County has surplus business tax revenue.
(Fiscal impact; Adds Section 906E.)
10/26/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/25/1998.
Heard in Committee. Speakers: Harvey Rose, Budget Analyst; John Clark, Legislative Analyst; Richard Sullivan, Tax Collector. Public Speakers: In Support: Jim Chappell; Marvin Warren, Stephen Cornell. Opposed: Marc Norton.
RECOMMENDED by the following vote:
Ayes: 2 - Teng, Kaufman
Absent: 1 - Newsom
- 981813 [Surplus Business Tax Revenue Credit]** **Supervisors Kaufman, Leno**
Ordinance amending Municipal Code Part III by adding Section 1005.9, creating a \$500 business tax credit to taxpayers for any taxable year ending within a fiscal year of the City and County of San Francisco immediately following a fiscal year for which the City and County has surplus business tax revenue.
(Fiscal impact; Adds Section 1005.9.)
10/26/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/25/1998.
Heard in Committee. Speakers: Harvey Rose, Budget Analyst; John Clark, Legislative Analyst; Richard Sullivan, Tax Collector. Public Speakers: In Support: Jim Chappell; Marvin Warren; Stephen Cornell. Opposed: Marc Norton.
RECOMMENDED by the following vote:
Ayes: 2 - Teng, Kaufman
Absent: 1 - Newsom

25
98
CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

November 25, 1998

TO: Finance Committee

FROM: Budget Analyst *Recommendations for meeting of*

SUBJECT: December 2, 1998 Finance Committee Meeting

Item 1 – File 98-1651

DOCUMENTS DEPT.

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Department: Public Utilities Commission (PUC)
Department of Public Transportation (Municipal Railway)

Item: Release of reserved funds in the amount of \$296,000 from previously authorized Federal Transit Administration grant funds, including matching funds from a combination of State, Regional and Local sources, for the Presidio Division Operator Training Facilities Expansion Project.

Amount: \$296,000

Source of Funds: Federal Transit Administration grant funds, including matching funds from a combination of State, Regional and Local sources.

Description: The Presidio Division Operator Training Facilities, located at 2640 Geary Street, are used by the Municipal Railway (MUNI) for (a) administrative offices and (b) for classrooms to train transit operators of all types of MUNI vehicles. According to Mr. Jerry Levine of MUNI, MUNI recently acquired approximately 19,500 square feet of additional office space within the City-owned Presidio Division Operator Training Facilities building, when the

Purchaser's Warehouse was moved from such office space to Pier 29.¹ Mr. Levine states that MUNI plans to use this additional office space to expand its transit operator training facilities and that such expansion will require the installation of carpet, tiling, drapes, blinds, a heating ventilation and air conditioning system, furnishings, additional telephone lines, two new doorways and a chain link fence around the construction area.

In June of 1991, the Board of Supervisors authorized the Public Utilities Commission (PUC)² to apply for, accept and expend grant funds in the amount of \$13,815,120 from the Federal Transit Administration (FTA)³ and matching funds from a combination of State, Regional and Local sources in the amount of \$3,453,780, for a total of \$17,268,900, to fund eight MUNI projects (File No. 94-91-4), including the Presidio Division Operator Training Facilities Expansion Project.

Of the total funds of \$17,268,900, \$13,982,500 was placed on reserve pending the submission of cost details to the Finance Committee of the Board of Supervisors.

The Finance Committee subsequently authorized the release of funds in the amount of \$13,235,142 from the reserved balance of \$13,982,500 for various projects, leaving a current balance of \$747,358 on reserve. This request would authorize the release of \$296,000 for the Presidio Division Operator Training Facilities Expansion Project. Item 4, File No. 98-1652, in this report to the Finance Committee would authorize the release of \$400,000 for the Potrero Facility Improvement Program/Roof and Drainage Renovation Project, leaving a balance of \$51,358 on reserve.

Budget:

The Attachment, provided by Mr. Levine, contains the budget details for the total project cost of \$296,000 for the

¹ According to the Purchasing Department, in 1990, MUNI loaned the subject office space to the Purchaser at no cost.

² In 1994, the Municipal Railway was moved from under the jurisdiction of the Public Utilities Commission to that of the Department of Public Transportation.

³ At the time of this grant award, the Federal Transit Administration was known as the Urban Mass Transit Administration.

Presidio Division Operator Training Facilities Expansion
Project.

Comments:

1. Work related to the Presidio Division Operator Training Facilities Expansion Project began in August of 1998 and is anticipated to be completed in November of 1998, according to Mr. Levine.
2. The Attachment, provided by Mr. Levine, incorrectly identifies the location of the Presidio Division Operator Training Facilities at 2650 Geary Street. The actual location of such facilities is at 2640 Geary Street.

Recommendation:

Approve the release of reserved funds.



Date: October 15, 1998

Subject: **Presidio Training Facilities Expansion Project**
Project Summary

Purpose: To expand and improve existing operator training facilities to meet projected training goals.

Scope: The newly acquired office spaces at 2650 Geary (formerly the Purchaser's Warehouse) needs tenant improvement work (i.e. new paint, carpet, tiling, drapes/blinds, lighting, HVAC, furnishings, hazardous material remediation) before they could be used as classrooms, office space, conference rooms, lunch room, and restrooms. Work includes installation of chain link fencing in the adjacent garage space, to allow existing storage rooms at 2640 Geary to be converted into office space. New phone lines need to be installed in all of the new office facilities. Finally, a doorway between the offices of 2640 and 2650 Geary, and a new doorway will be installed in the roll-up garage door at 2650 Geary.

Available Funds: **FINANCIAL PLAN \$296,000** Federal FTA (incl. a combination of state, regional & local match sources)

Total funds required from reserve = **\$296,000**

Current

Cost

Breakdown:	Project Management =	\$11,000
	Engineering Services =	\$16,000
	DPW BOA =	\$35,000
	DTIS =	\$21,000 (New phone lines)
	Ways and Structures =	\$74,000 (all tenant improvement except HVAC)
	DPW BBR =	\$43,000 (HVAC work and doorway in garage roll-up)
	Muni Health and Safety =	\$7,000 (Hazardous material remediation)
	HVAC Procurement =	\$12,000 (Unit procurement for HVAC system)
	Furnishings =	<u>\$77,000</u> (Furniture and equipment for new facilities)
	Grand Total =	\$296,000

Item 2 – File 98-1652

Department: Public Utilities Commission (PUC)
Department of Public Transportation (Municipal Railway)

Item: Release of reserved funds in the amount of \$400,000 from previously authorized Federal Transit Administration grant funds, including matching funds from a combination of State, Regional and Local sources, for the Potrero Facility Improvement Program/Roof and Drainage Renovation Project.

Amount: \$400,000

Source of Funds: Federal Transit Administration grant funds, including matching funds from a combination of State, Regional and Local sources.

Description: According to Mr. Jerry Levine of the Municipal Railway (MUNI), the Potrero Maintenance Facility, located at 2500 Mariposa Street, contains MUNI's vehicle maintenance building and tire and body shops. The Potrero Maintenance Facility is also used by MUNI to park a total of 180 MUNI vehicles during non-operating hours. Mr. Levine reports that the renovation work to be performed on the Potrero Facility consists of replacing the roofing system and skylights, upgrading the existing heating ventilation/air conditioning system, repairing areas of the parking deck and installing a new site drainage system.

In June of 1991, the Board of Supervisors authorized the Public Utilities Commission (PUC)¹ to apply for, accept and expend grant funds in the amount of \$13,815,120 from the Federal Transit Administration (FTA)² and matching funds in the amount of \$3,453,780 from a combination of State, Regional and Local sources, for a total of \$17,268,900, to fund eight MUNI projects (File No. 94-91-4), including the Potrero Facility Improvement Program/Roof and Drainage Renovation Project.

¹ In 1994, the Municipal Railway was moved from under the jurisdiction of the Public Utilities Commission to that of the Department of Public Transportation.

² At the time of this grant award, the Federal Transit Administration was known as the Urban Mass Transit Administration.

Of the total funds of \$17,268,900, \$13,982,500 was placed on reserve pending the submission of cost details to the Finance Committee of the Board of Supervisors.

The Finance Committee subsequently authorized the release of funds in the amount of \$13,235,142 from the reserved balance of \$13,982,500 for various projects, leaving a current balance of \$747,358 on reserve. This request would authorize the release of \$400,000 for the Potrero Facility Improvement Program/Roof and Drainage Renovation Project. Item 3, File No. 98-1651, in this report to the Finance Committee would authorize the release of \$296,000 for the Presidio Division Operator Training Facilities Renovation Project, leaving a balance of \$51,358 on reserve.

Budget:

The Attachment, provided by Mr. Levine, provides the budget details for the total project cost of \$1,895,000 for the Potrero Facility Improvement Program/Roof and Drainage Renovation Project. Mr. Levine advises that the construction contract, which is estimated to cost \$1,400,000 of the total project cost of \$1,895,000, is being competitively bid and will be awarded in December of 1998.

Comments:

1. As noted above, the total project cost of the Potrero Facility Improvement Program/Roof and Drainage Renovation Project is \$1,895,000 or \$1,495,000 more than the subject request of \$400,000 on reserve. According to Mr. Levine, the source of the additional \$1,495,000 would be from Local One Half Cent Sales Tax revenues previously allocated by the Transportation Authority Commission.

2. Work related to the Potrero Facility Improvement Program/Roof and Drainage Renovation Project began in August of 1998 and is anticipated to be completed in August 1999, according to Mr. Levine.

Recommendation:

Approve the release of reserved funds.

Potrero Facility Improvements – Roof of Drainage Project

PROJECT/PROGRAM DESCRIPTION: The Potrero Division has two major facility deficiencies. The roof and drainage needs to be rehabilitated and the paint booths need to be modified to accommodate articulated coaches on the upper deck. The project involves only the Reroofing and Drainage Improvements needs. Paint booth modifications will be implemented separately.

This Project will resolve existing roofing deterioration and rain infiltration in the offices and shops. Project activities include removal and replacement of all of the Potrero roofing system and skylights, upgrading the existing heating ventilation air conditioning system, repairing isolated areas of the parking deck membrane, and installing a new drainage system to remove standing water in the crawl space below the parking deck.

The work to be performed will alleviate overflowing floor drains (during severe storms) and repair the numerous rain water leaks present throughout the Potrero Trolley Coach Facility. The major components of the project include replacing the roof system, improving the site drainage system, and installing a waterproof membrane for the parking area.

The project is to be completed in two (2) phases. The first phase will address all of the plumbing work beneath the parking deck within 80 calendar days after the Notice to Proceed date. The second phase will complete all of the rain-sensitive roof and parking deck membrane work within 120 calendar days after April 15, 1999 (the official end of the rainy season).

This \$400,000 to be released from reserves will be used to fund a portion of the construction contract, estimated at \$1,600,000 (including contingency).

The Potrero Facility Drainage Improvements Project, is a part of the Fixed Facilities Improvements Program as identified in the MUNT's Capital Improvement Program (CIP).

PROJECT BUDGET

<u>Category</u>	<u>Budget</u>
Engineering, Inspection, and Management	\$295,000
Construction Contract	\$1,400,000
Contingency	\$200,000
Total	\$1,895,000

FINANCIAL PLAN

La Brea (Group B)	\$1,495,000	79%
Federal (incl a combination of state, regional & local sources)	\$ 400,000	21%

Item 3 – File 98-1684

Department: Fire Department (SFFD)
Department of Public Works (DPW)

Item: Hearing to consider the release of \$44,500 held on reserve to fund the construction cost overruns associated with the repair work on the Auxiliary Water Supply System (AWSS) Ashbury Water Storage Tank Project.

Amount: \$44,500

Source of Funds: Previously reserved interest accrued on 1986 General Obligation Fire Protection Systems Improvement Bonds

Description: In November of 1986, San Francisco voters approved Proposition A for the issuance of \$46.2 million in Fire Protection Systems Improvement General Obligation Bonds. These bonds were to finance the City's Auxiliary Water Supply System (AWSS). The AWSS is a system of reservoirs, cisterns, pipelines, pump stations and fireboats, used as a water supply source for fire protection in emergency situations.

In 1987, the City sold \$31 million of Fire Protection Systems Improvement Bonds and the remaining \$15.2 million in 1991 for a total of \$46.2 million. In March of 1996, the Board of Supervisors approved a Supplemental Appropriation of \$3,907,900 from accrued interest earned on the Fire Protection Systems Improvement Bonds for four types of capital improvements: (1) repair and improvement of the Fireboat Phoenix, (2) installation of motorized AWSS Control Valves, (3) repairs to AWSS Water Storage Tanks, and (4) emergency repairs of AWSS facilities.

The Board of Supervisors placed \$3,269,850 of the \$3,907,900 on reserve, pending submission of contract cost details. A total of \$906,216 has been previously released, resulting in a remaining balance on reserve of \$2,363,634. This request would authorize the release of \$44,500 in previously reserved funds to fund the construction cost overruns associated with AWSS Ashbury Water Storage Tank Project.

BOARD OF SUPERVISORS
BUDGET ANALYST

According to Mr. Patrick Rivera of the Department of Public Works (DPW), in March of 1998, the DPW awarded a construction contract, in the amount of \$75,000, to TRINET Construction, Inc., the lowest bidder, for the replacement of the protective interior lining of the AWSS Ashbury Water Storage Tank (the "Tank"), located at 1234 Clayton Street. According to Mr. Rivera, DPW engineers incorrectly recorded the diameter of the Tank at 28 feet which served as the basis for the bid amount of \$75,000 submitted by TRINET Construction, Inc. During construction, TRINET Construction, Inc. discovered that the actual diameter of the Tank is 56 feet and that therefore the actual square footage of work performed by TRINET Construction, Inc. on the Tank increased by 5,975 square feet from 3,345 to 9,320 square feet. This resulted in a cost increase of \$97,467 from the original contract amount of \$75,000 to \$172,467.

Budget:

Approval of this request for release of \$44,500 from 1986 Fire Protection Bond Interest Earnings for the repair work on the AWSS Ashbury Water Storage Tank would still require an additional \$52,967 (total unanticipated construction cost overruns of \$97,467 less the requested release of \$44,500 on reserve). According to Mr. Rivera, the funding source of the additional \$52,967 would be surplus monies from previously released 1986 Fire Protection Bond Interest Earnings from various projects that were completed at less than their estimated construction contract amounts.

The Attachment, provided by Mr. Rivera, contains the budget details for the construction cost overruns in the amount of \$97,467.

Recommendation:

Approve the release of reserved funds.

ATTACHMENT

AWSS Water Storage Tank, Ashbury Tank located at 1234 CLAYTON ST.
 Breakdown of Additional Costs
 Prepared by: Patrick Rivera, 558-4045
 10/9/98

Increase quantity of Bid Item No. 1: Apply new coating as interior lining to the existing steel wall and bottom of the tank and all appurtenant work required under the contract documents, from 3,345 sf to 9,320 sf, 5,975 sf at \$8.97 per sf	\$53,595.75
Perform additional surface preparation of the construction area not indicated on the drawings and disposal of removed material in a legal manner in accordance with the requirements of the contract documents, 5,975 sf at \$8.37 per sf	\$50,010.75
Provide additional horizontal top rail to existing ladder and reconstruct existing framing around the hatch opening.	\$6,500.00
Delete mobilization cost and reduce contract mark-up from 15% to 10%	(\$12,641.00)
TOTAL	\$97,465.50

Post-It® Fax Note 7671		Date 10/9	# of pages 1
To Gale Cabrera		From Patrick Rivera	
Co./Dept		Co. DPW	
Phone # 554-7642		Phone # 558-4045	
Fax # 252-0461		Fax # -4519	

Item 4 - File 98-1886

Department: Recreation and Park Department (RPD)
Department of Public Works (DPW)
Department of Parking and Traffic (DPT)

Item: Release of reserved funds in the amount of \$8,166,908 for the purpose of funding infrastructure improvements in the Bowling Green Zone of Golden Gate Park.

Amount: \$8,166,908

Source of Funds: 1992 Golden Gate Park Infrastructure General Obligation Bond Fund proceeds

Description: In September of 1997, the Board of Supervisors approved an ordinance (File No. 101-97-13) appropriating \$25,105,000 of the 1992 Golden Gate Infrastructure General Obligation Bond Fund proceeds for various capital improvement projects at Golden Gate Park. Of the total funds of \$25,105,000, the Board of Supervisors placed \$16,698,000 on reserve, pending DPW's submission of contract cost details.

This request would authorize the release of \$8,166,908 from the reserved balance of \$16,698,000 to fund infrastructure improvements in the Bowling Green Drive Zone at Golden Gate Park, leaving a balance of \$8,531,092. According to Ms. Deborah Learner of the Recreation and Park Department, the Bowling Green Zone is the eastern portion of Golden Gate Park, between Bowling Green Drive and John F. Kennedy Drive from Kezar Avenue to 6th Avenue, including the Sharon Meadows area, the Conservatory of Flowers, the Golden Gate Park Maintenance Yard and Tennis Clubhouse.

Ms. Learner states that the construction work to be performed for the infrastructure improvements in the Bowling Green Drive Zone includes (1) the replacement of the existing manual irrigation system in the Sharon Meadows area with a new automatic irrigation system, (2) the installation of a new sewer line to pick up sanitary flows from the various facilities in the Bowling Green Zone and route them to an existing sewer at Sixth Street

BOARD OF SUPERVISORS
BUDGET ANALYST

and Fulton Avenue, (3) the installation of a new drainage system to pick up storm runoff from the roadways along John F. Kennedy Drive, (4) the installation of new lighting fixtures along various roadways in the Bowling Green Zone, (5) electrical service upgrades to the Golden Gate Park Maintenance Yard and Tennis Clubhouse, and (6) pathway and various Americans with Disabilities Act improvements in the Bowling Green Zone. Attachment I, provided by Ms. Shannon Maloney of the Department of Public Works, describes in further detail each of the above-noted infrastructure improvement projects.

Budget:

The construction contract for all of the infrastructure improvements in the Bowling Green Drive Zone totals \$6,751,280 and was awarded to Flores/Interstate, a joint venture, which submitted the lowest bid pursuant to a DPW Invitation for Bids process. Attachment II, provided by Ms. Maloney, contains the budget details supporting the infrastructure improvements as provided by Flores/Interstate.

Attachment III, provided by Ms. Learner, contains a list of the firms that submitted bids and the amounts of each bid.

A summary budget for the proposed release of reserved 1992 Golden Gate Park Infrastructure General Obligation Bond Fund proceeds in the amount of \$8,166,908 is as follows:

Construction Contract	\$6,751,280
(Awarded to Flores/Interstate)	
Construction Contingency (10%)	675,128
Department of Public Works	
Construction Management	700,000
Department of Parking and Traffic	
Construction Supervision	<u>40,500</u>
TOTAL	\$8,166,908

Comments:

1. Attachment IV, provided by Ms. Maloney, contains the budget details to support the in-house civil service costs to the City for DPW Construction Management for this project.

BOARD OF SUPERVISORS
BUDGET ANALYST

2. Attachment V, also provided by Ms. Maloney, is a memorandum from the DPT to DPW estimating the in-house civil service costs to the City for DPT Construction Supervision for this project.

Recommendation: Approve the proposed release of reserved funds.

SECTION 01010

SUMMARY OF WORK

PART 1 GENERAL

1 WORK COVERED BY CONTRACT DOCUMENTS

- A. The Work site is located in the general vicinity of Bowling Green Drive, a portion of Golden Gate Park, San Francisco, California, designated on the Drawings as Contract Areas 37 & 45. The Work comprises sewer work, water delivery pipeline work, electrical distribution, irrigation, site lighting, landscaping improvements and modifications for ADA-AG compliance, and all appurtenant work indicated in the Contract Documents. In addition, the Work shall include site preparation, trenching, asphalt concrete paving and pathway renovation, concrete curb ramps, underground electrical conduits, and drainage facilities constructed within Contract Area 37 & 45 to the line and grade and general layout indicated on the Drawings.
- B. The Work shall be constructed under a single Lump Sum contract.
- C. Contractor shall be responsible for obtaining and paying for all electrical and plumbing permits required to complete the Work.
- D. Additive Alternates are described in Section 01030.

2 SEWER WORK

- A. Install new sewer line to pick up sanitary flows from the Maintenance Yard, Sharon Building, Bowling Green Clubhouse, Tennis Court Clubhouse, Conservatory of Flowers, and public restrooms, and route them to the existing sewer at Sixth Avenue and Fulton Street. Pick up storm runoff from the Tennis Courts in this new sewer line.
- B. Install new drainage systems to pick up storm runoff from the roadways along John F. Kennedy Drive.

3 LOCATION OF EXISTING UNDERGROUND UTILITIES WORK

- A. Provide the services of an underground utility locating firm to locate existing underground utilities that lie in the path of the pipeline and conduit trenching work to be performed under this Contract. Provide "as-located" Record Drawings of all such utility lines.

1077N Bowling Green Drive Utilities - Contract Areas 37 & 45

Attachment I
Page 2 of 4

1.4 IRRIGATION WORK

- A. Remove irrigation systems from existing domestic water lines.
- B. Install City-furnished equipment and automatic irrigation systems in Area 37 and 45, provide location and installation of the controllers.
- C. Locate and install booster pumps as needed to provide adequate pressure for the automatic irrigation systems.
- D. Install irrigation system in the Sharon Meadows area to accommodate Reclaimed Water (RW).

1.5 WATER DELIVERY PIPELINE WORK

- A. Install new 12-inch reclaimed water pipelines in John F. Kennedy Drive, looping parallel to Kezar Drive and across Sharon Meadows to Martin Luther King Jr. Drive, and in Martin Luther King Jr. Drive.
- B. Install 8-inch reclaimed water pipelines in Conservatory Drive and Bowling Green Drive.
- C. Install 8-inch domestic water pipelines in Arguello Boulevard and Conservatory Drive East with fire hydrant connections and a new water service for the Conservatory of Flowers with connection to the existing water main in Fulton Street.
- D. Install 8-inch domestic water pipeline in Bowling Green Drive with fire hydrant connections and new water services for the Tennis Court and Bowling Green clubhouses with connection to the existing water main in Martin Luther King Jr. Drive.
- E. Provide connection points to the irrigation systems located throughout the Bowling Green Drive project area, including undercrossing Kezar Drive and Stanyan Street.
- F. Install 2-inch master control conduit and 2-inch irrigation control conduit in the reclaimed water pipeline trenches with pull/splice boxes located to the side off of the roadway.

1.6 ELECTRICAL WORK

1077N Bowling Green Drive Utilities - Contract Areas 37 & 45

- A. Install roadside lighting fixtures along Bowling Green Drive, JFK, Conservatory Drive, Arguello, 6th, 8th and 10th Avenue; supply new conduit, wiring, weatherproof power panels with integral transformer and power to light fixtures.
- B. Provide communication conduit for the automatic irrigation system.
- C. Provide new 1200A, 277/408V, 3 phase, 4 wire electrical service to Maintenance Yard from existing underground PG & E splice box complete with 12KV underground distribution, new main weatherproof switchboard and new weatherproof step-down transformer.
- D. Provide one new 400A connector unit for future portable engine generator connection located outside next to existing main switchboard building in Park Maintenance Yard off Martin Luther King Jr. Drive.
- E. Provide a new 400A service stub-out to the Tennis Clubhouse.
- F. Refer to Section 16420 for equipment furnished and installed by P.G. & E

1.7 LANDSCAPE ARCHITECTURE WORK

- A. Provide ADA accessible A.C. path along north side of JFK Drive from Rose Gardens to Stanyan Street.
- B. Provide new A.C. path along Middle Drive East from Steinhart Aquarium to Bowling Green Drive.
- C. Provide new A.C. path and curb along Bowling Green Drive from Aids Memorial Grove to bowling greens.
- D. Provide 12' wide multi-use A.C. path along south side of JFK Drive from Rose Gardens to Kezar Drive. Install dry stack stone retaining walls along path in required locations.
- E. Provide ADA accessibility to Tennis Clubhouse, Bowling Green Clubhouse, Restrooms near Sharon Building and Carousel area.
- F. Re-grade, install dry stack stone walls, provide a new A.C. path with handrails and restore landscape areas between Carousel area and restrooms near Sharon Building.
- G. Provide handicap ramps and curbing at all road intersections along all new paths, including intersections on north entrances to park along Fulton Street.

- H. Install and re-align crosswalks.
- I. Add blue zones along JFK Drive.
- J. Provide designated ADA accessible parking spaces for Tennis Clubhouse and Bowling Green Clubhouse.
- K. Re-align curb and traffic striping at Bowling Green / Middle Drive East intersection.
- L. Provide ADA access to picnic area near Sharon Building restrooms.
- M. Remove and re-install all benches along paths on new A.C. pads.
- N. Restore landscape areas affected by utility and irrigation trenching operations. Items include paving, fencing, concrete and stone walls, irrigation, planting and lawn zones.
- O. Remove existing drinking fountains and install new ones.

1.8 CITY-FURNISHED MATERIALS

- A. The Contractor is alerted that the City intends to furnish various materials to be included in the work of this Contract including:
 - 1. Refer to Section 02810 for City-furnished irrigation equipment.
 - 2. Double thickness cement-lined ductile iron pipe and "Field-Lok" gaskets for main pipelines.
 - 3. Ductile iron push-on fittings for main pipelines.
 - 4. AWWA C509 gate valves for main water supply.
 - 5. Acorn type luminaires.
 - 6. High intensity discharge ballasts.
 - 7. High pressure sodium lamps.
 - 8. Light poles.

SCHEDULE OF BID PRICES (REV. 3)
 ADDENDUM NO. 3
 (PAGE 1 OF 7)
 BOWLING GREEN DRIVE UTILITIES
 CONTRACT AREA 37 & 45
 SPECIFICATION NO. 1077N
 JULY 8, 1998

Attachment II
 Page 1 of 6

For constructing BOWLING GREEN DRIVE - CONTRACT AREA 37 & 45 in strict accordance with the Contract Documents for Specification Number 1077N.

Bidders must bid on all Bid Items and Alternates under consideration for selection by the City.

Entries must be in black ink or typed.

Flores / Interstate, A Joint
 Bidder's Firm Name
2055 41st Avenue
 Street Address
San Francisco, CA 94116
 City Zip Code
(415) 753-8830
 (Area Code) Telephone No.

The undersigned, having examined the Site, all reference documents, and drawings; become familiar with the terms and conditions of the Contract Documents and with the local conditions affecting performance and costs of Work; and having fully inspected the Site in all particulars, hereby proposes and agrees to fully perform the Work as indicated on the Drawings and in accordance with the requirements of the Specifications within the time stated herein, and for the following Sum of money.

Note: L.S. = Lump Sum, L.F. = Linear Feet, C.F. = Cubic Feet, S.F. = Square Feet, C.Y. = Bank Cubic Yards

Bid Item	Bid Item Description	Estimated Quantity	Unit	Unit Price	Extension
1	MOBILIZATION (Refer to Specification Section 01505.) Max. 5% of the total sum of Bid Items 1 through 40, excluding Allowances, Alternates and the Mobilization Bid Item itself.	--	L.S.	--	270,000
2	TRENCH SHORING AND BRACING OR EQUIVALENT METHOD CONFORMING TO APPLICABLE SAFETY ORDERS FOR SEWER AND DRAINAGE WORK ONLY	--	L.S.	--	70,000
3	TRENCH SHORING AND BRACING OR EQUIVALENT METHOD CONFORMING TO APPLICABLE SAFETY ORDERS FOR IRRIGATION, ELECTRICAL AND WATER DELIVERY SYSTEM WORK	--	L.S.	--	10,000

SCHEDULE OF BID PRICES (REV. 3)
ADDENDUM NO. 3
(PAGE 2 OF 7)
BOWLING GREEN DRIVE UTILITIES
CONTRACT AREA 37 & 45
SPECIFICATION NO. 1077N
JULY 3, 1998

Attachment II
Page 7 of 6

Bid Item	Bid Item Description	Estimated Quantity	Unit	Unit Price	Extension
4	ALLOWANCE FOR HANDLING, REMOVAL AND DISPOSAL OF EXISTING TRANSITE SEWER PIPES (Refer to Section 01020.)	--	Allowance	--	50,000
5	ALLOWANCE FOR HANDLING, REMOVAL AND DISPOSAL OF HAZARDOUS MATERIALS (Refer to Section 01020.)	--	Allowance	--	20,000
6	ALLOWANCE FOR SUPPLIES AND FURNISHINGS FOR RESIDENT ENGINEER'S FIELD OFFICE (Refer to Section 01020.)	--	Allowance	--	50,000
7	ALLOWANCE FOR REMOVING AND RELOCATING UNFORESEEN EXISTING UTILITY FACILITIES (Refer to Section 01020.)	--	Allowance	--	50,000
8	ALLOWANCE FOR ALL FEES ASSOCIATED WITH CONTRACTOR- OBTAINED DEPT. OF BUILDING INSPECTION PERMITS (Refer to Section 01020.)	--	Allowance	--	20,000
9	ALLOWANCE FOR ADDITIONAL IRRIGATION WORK (AS DIRECTED BY THE ENGINEER)	--	Allowance	--	25,000
10	FURNISH & INSTALL 6 INCH VITRIFIED CLAY PIPE (VCP)	525	L.F.	64.00 51.64	-- 33,600
11	FURNISH & INSTALL 10 INCH VITRIFIED CLAY PIPE (VCP) CULVERTS	890	L.F.	67.00	59,630

ADDENDUM NO. 3

(PAGE 3 OF 7)

BOWLING GREEN DRIVE UTILITIES

CONTRACT AREA 37 & 45

SPECIFICATION NO. 1077N

JULY 8, 1998

Bid Item	Bid Item Description	Estimated Quantity	Unit	Unit Price	Extension
12	FURNISH & INSTALL 12 INCH VITRIFIED CLAY PIPE (VCP)	2,960	L.F.	130. ⁰⁰	384,800.
13	FURNISH & INSTALL 24 INCH VITRIFIED CLAY PIPE (VCP)	2,375	L.F.	170. ⁰⁰	403,750.
14	FURNISH & INSTALL 12 INCH DIAMETER DUCTILE IRON PIPE (DIP) (CLASS 50) - DRAINAGE WORK	280	L.F.	65. ⁰⁰	18,200.
15	FURNISH & INSTALL 12 INCH DIAMETER HIGH DENSITY POLYETHYLENE (HDPE) PIPE - DRAINAGE WORK	171	L.F.	85. ⁰⁰	14,535.
16	FURNISH & INSTALL 24 INCH DIAMETER REINFORCED CONCRETE PIPE (RCP)	176	L.F.	190. ⁰⁰	33,440.
17	FURNISH & INSTALL MANHOLES AND CATCH BASINS	--	L.S.	--	155,000.
18	CONSTRUCT DEEP SHAFT MANHOLE	--	L.S.	--	82,000.
19	CONSTRUCT FRENCH DRAINS	--	L.S.	--	36,000.
20	RESTORATION OF PAVED AND PLANTED SURFACES FOR SEWER & DRAINAGE WORK ONLY	--	L.S.	--	336,000.
21	6 OR 8-INCH SIDE SEWER TELEVISION INSPECTIONS & CONNECTIONS	--	L.S.	--	1200.
22	PLUG, ABANDON AND FILL EXISTING SEWERS, MANHOLES AND CATCH BASINS	--	L.S.	--	15,000.

SCHEDULE OF BID PRICES (REV. 3)
 ADDENDUM NO. 3
 (PAGE 4 OF 7)
 BOWLING GREEN DRIVE UTILITES
 CONTRACT AREA 37 & 45
 SPECIFICATION NO. 1077N
 JULY 8, 1998

Attachment II
 Page 4 of 6

Bid Item	Bid Item Description	Estimated Quantity	Unit	Unit Price	Extension
23	EARTHWORK FOR SEWER, DRAINAGE, IRRIGATION, WATER DELIVERY SYSTEMS AND ELECTRICAL WORK (Refer to Specification Sections 02110 & 02211.)	--	L.S..	--	18,000.
24	IRRIGATION SYSTEMS	--	L.S.	--	560,000.
25	MISCELLANEOUS LANDSCAPE WORK	--	L.S.	--	200,000.
26	12 FOOT WIDE ASPHALT MULTI-USE PATHWAY	--	L.S.	--	570,000.
27	RECLAIMED WATER DELIVERY PIPING (REFER TO SECTION 02555.)	--	L.S.	--	670,000.
28	DOMESTIC WATER DELIVERY PIPING (REFER TO SECTION 02555.)	--	L.S.	--	155,000.
29	STREET LIGHTING	--	L.S.	--	50,000.
30	UNDERGROUND STREET LIGHTING CONDUIT AND PULL BOXES	--	L.S.	--	420,000.
31	MAIN SWITCHBOARD "A"	--	L.S.	--	78,000.
32	UNDERGROUND 12KV CONDUITS & MANHOLES	--	L.S.	--	48,000.
33	UNDERGROUND ELECTRICAL DISTRIBUTION	--	L.S.	--	190,000.
34	TRAFFIC ROUTING (Refer to Specification Section 01570.)	--	L.S.	--	190,000.
35	TRAFFIC ROUTING SUPERVISOR	960	HOURS	50. ⁰²	48,000.

SCHEDULE OF BID PRICES (REV. 3)
 ADDENDUM NO. 3
 (PAGE 5 OF 7)
 BOWLING GREEN DRIVE UTILITIES
 CONTRACT AREA 37 & 45
 SPECIFICATION NO. 1077N
 JULY 8, 1998

Attachment II
 Page 5 of 6

Bid Item	Bid Item Description	Estimated Quantity	Unit	Unit Price	Extension
36	REMOVABLE TRAFFIC ROUTING GRADE TAPE, 2 FEET LONG BY 4 INCHES WIDE	2,000	EA.	1.00	2,000.
37	REMOVABLE TRAFFIC ROUTING GRADE TAPE, 12 INCHES WIDE FOR STOP OR CROSSWALK LINES	500	L.F.	2.25	1,125.
38	REMOVABLE TRAFFIC ROUTING GRADE TAPE, 4-INCH DOUBLE YELLOW	4,000	L.F.	1.50	6,000.
39	UNDERGROUND MASTER & IRRIGATION CONTROL CONDUIT	--	L.S.	--	103,000
40	CASH ALLOWANCE FOR UNDERGROUND PIPE LOCATING	--	Allowance	--	50,000
TOTAL OF BID PRICES 1 THROUGH 40 =				\$ 5,547,280.	

ADDITIVE ALTERNATES: The following additive Alternates [*scheduled in Section 01030 of the Specifications*] will be selected by the City in a specific descending order of priority which will be announced immediately before opening of the Bids. The Contract will be awarded to the lowest responsive, responsible Bidder based on the Base Bid and maximum number of Alternates not exceeding the City's construction budget. In the event that the Base Bid submitted by the lowest responsive, responsible Bidder is greater than the construction budget amount, the Contract may be awarded based on the Base Bid of the lowest responsive, responsible Bidder. The amount available in the construction budget will be announced immediately before the opening of the Bids.

The undersigned further proposes and agrees that if an Alternate is incorporated in the Contract within up to 2 months after the Notice to Proceed, the Contract Sum will be adjusted by the addition of the Alternate Price bid for the selected Alternate.

SCHEDULE OF BID PRICES (REV. 3)
 ADDENDUM NO. 3
 (PAGE 6 OF 7)
 BOWLING GREEN DRIVE UTILITES
 CONTRACT AREA 37 & 45
 SPECIFICATION NO. 1077N
 JULY 8, 1998

Attachment 11
 Page 6 of 6

Alternate No.	Additive Alternate Description	Amount
A-1	Storage/Equalization Reservoir, Pumping Equipment Collection System, and Force Main (Refer to Section 01030.)	\$ 1,020,000.
A-2	Electrical Service To Conservatory Of Flowers Area (Refer to Section 01030.)	\$ 87,000.
A-3	Electrical Power To Casino Meadows Area (Refer to Section 01030.)	\$ 15,000.
A-4	6 Foot wide Asphalt Pathway along Middle Drive East from Steinhart Aquarium to Bowling Green Drive (Refer to Section 01030.)	\$ 82,000.

SUBTOTAL \$1,204,000

PRIMA FARE \$547,780

\$675,178.00

Note: Alternate prices shall include markups for overhead and profit.

The City will make the actual addition of each Alternate to the Base Bid.

Time allowed for completion of the work shall be the number of calendar days specified in the Supplementary Conditions, beginning with and including the official date of Notice to Proceed as established by the Director of Public Works, regardless of whether the Contract is awarded under the Base Bid or on the basis of the Base Bid and any Alternate or any combination of Alternates.

TABULATION OF BIDS

SPEC NO.: 1077N

TITLE: Golden Gate Park
Bowling Green Drive Utilities
Contract Areas 37 & 45

BIDS RECEIVED: July 22, 1998

BIDDERS: Flores/Interstate a JV)
Ranger Pipelines/Esquivel Grading & Paving a JV
M.H./Unilacke a JV
K. J. Woods Construction, Inc

*Site location
random
manholes
electrical
low-voltage
placement
random*

Base Bid	All A1	All A2	All A3
MBE/LBE/JV10%	1,020,000	87,000	15,000
MBE/LBE/JV10%	5,547,280	87,000	15,000
MBE/LBE/JV10%	5,638,875	85,000	40,000
MBE/LBE/JV10%	5,782,711	123,000	53,000
LBE	6,124,000	87,000	30,000
Average Bid:	5,773,217	95,500	34,500
Engineer's Estimate	6,567,987	103,000	4,500
% of Engineer's Estimate	88%	93%	767%

1.9

The following announcement was made at the bid opening:
"The estimate construction budget for this project is \$7,759,712 with a priority of Alternates of All A1, All A4, All A2 and All A3."

APPARENT LOW BIDDER:

Flores/Interstate a Joint Venture
2055-41st Avenue
San Francisco, CA 94116
Tel (415) 753-8830

SUBCONTRACTORS:

J. Flores Interstate	Underground Grading/Paving	3,000,000	Avoca Trucking	Trucking	180,000
Diaz Corp	Electrical	1,250,000	Vickers	Saw Cut	144,000
Alipor Marking	Markings	933,500	Russ Enterprise	Traffic Control	170,000
Shooter Butts	Landscape	15,000	B G Trucking	Trucking	285,000
Shannon Maloney	Harian Kelly	604,591	DPW Accounting		
Mark Primeau	Don Eng		Maurice Williams	All bidders	
Linda Chin	Foon Chow		Bill Webb		

cc:

SL:sl

July 22, 1998

BUREAU OF CONSTRUCTION MANAGEMENT
LABOR COST ESTIMATES

BOWLING GREEN DRIVE UTILITIES
SPEC. NO. 1077N

UNIT	DURATION	MANHOURS	RATE	EXTENSION	TOTAL
CONSTRUCTION MANAGEMENT/INSPECTION					
5210 CONSTRUCTION MANAGER (8 hr/wk)	32 hr ⁴	384	95	36,480	
5200 RESIDENT ENGINEER (full-time)	172 hr ⁴	2408	72	173,376	
overtime	0 hr ⁴	0	108	0	
5204 OFFICE ENGINEER (parttime)	88 hr ⁴	1118	65	72,670	
overtime	0 hr ⁴	0	108		
6316 CONSTRUCTION INSPECTOR	172 hr/mo	2236	72	160,992	
overtime	10 hr/mo	120	108	12,960	
6316 CONSTRUCTION INSPECTOR	172 hr/mo	2084	72	148,608	
overtime	10 hr/mo	120	108	12,960	618,048
MATERIALS TESTING LABORATORY					
various TESTING & SAMPLING			Lump Sum	70,000	70,000
CERTIFIED PAYROLL VERIFICATION					
5206 ASSOCIATE CIVIL ENGINEER	16 hr/mo	196	72	14,112	14,112
PUBLIC AFFAIRS					
PUBLIC RELATION OFFICER	0 hr/mo	0	51	0	0
SITE ASSESSMENT & REMEDIATION					
SPECIALIST CLASS					
REGULATORY SPECIALIST					
			87	0	
			68	0	0
SURVEYS					
CHIEF SURVEYOR					
			91	0	
SURVEY CREW					
			70	0	0
		TOTAL		702,158	702,158

o BASED ON A 12-MONTH PROJECT DURATION PLUS 1 OR 2 MONTH CLOSEOUT OF PROJECT KEY STAFF MEMBERS.
o OVERTIME ALLOWANCE FOR CONSTRUCTION INSPECTOR PROVIDED AT 10-HR/MO

MEMORANDUM

DATE: October 23, 1997

TO: Joel Carpio
DPW: 30 Van Ness Avenue, 5th Floor

THRU: Peter Woo
Senior Traffic Engineer

FROM: Dr. Roop Jindal
Traffic Engineer

SUBJECT: 1992 GOLDEN GATE PARK BOND
CONTRACT AREA 37
BOWLING GREEN DRIVE; SPEC. NO. 1077N
FUNDS REQUIRED BY DPT DURING CONSTRUCTION

We have sent PS&E for the Traffic Routing for the subject project on September 26, 1997.

We will support the project during construction by attending meetings with the Resident Engineer and the Contractor, conduct inspections, review traffic submittals, install final pavement markings and install new traffic signs.

Our estimate is attached. The summary of the funds required during construction by our various sections is given below:

SECTION	TASK	AMOUNT
1) Traffic Engineering	Review Traffic Control plans. Attend meetings, conduct special inspections.	\$10,000
2) Paint Section	Install striping for traffic lanes, crosswalks, curb ramps, crosswalks etc.	\$28,000
3) Sign Section	Install new traffic signs.	\$2,500

Total: \$40,500

Mr. Joel Carpio
Bowling Green Drive
Funds for DPT for Construction Phase
October 23, 1997
Page 2

Please transfer \$40,500 to our department to support this project during the construction phase.

We appreciate your cooperation in working with us if you have any questions, please call me at 554-2330.

C: Kathryn Hile: DPT Fiscal Officer, 25 Van Ness Avenue, 4th Floor
Al Herce: DPT: Traffic Engineering, 25 Van Ness Avenue

FILE: EST\BOWLCONS

Item 5 – Files 98-1890

Department: Fire Department

Item: Hearing to consider release of reserved funds (a) from 1992 General Obligation Fire Department Improvement Bond Proceeds in the amount of \$341,613 and (b) from previously authorized Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Funds, in the amount of \$458,387, for the renovation of Fire Station No. 29.

Amount:	1992 General Obligation Fire Department Improvement Bond Proceeds	\$341,613
	FEMA Hazard Mitigation Grant Funds	<u>458,387</u>
	TOTAL	<u>\$800,000</u>

Source of Funds: Release of reserved funds of \$341,613 from previously appropriated 1992 General Obligation Fire Department Improvement Bond Funds and Interest Earnings.

Release of reserved funds of \$458,387 from FEMA Hazard Mitigation Grant Funds.

Description: In November of 1992, the voters approved Proposition C, General Obligation 1992 Fire Department Improvement Bonds totaling \$10,800,000 to fund improvements related to various Fire Department facilities.

In November of 1996, the Board of Supervisors approved an ordinance appropriating \$14,233,588 from these 1992 Bond Funds for architectural and engineering services and construction costs in connection with the renovation of 20 Fire Department facilities (File 101-96-12). Because DPW had not selected contractors to perform the renovation work for 17 of the 20 Fire Department facilities, the Board reserved a total of \$7,864,100 pending DPW's selection of contractors and submission of contract cost details. Current reserved funds are \$5,185,841.

The proposed request would authorize the release of \$341,613 for the renovation of Fire Station No. 29, located at 299 Vermont Street, leaving \$4,844,228 on reserve.

BOARD OF SUPERVISORS
BUDGET ANALYST

On November 17, 1997, the Board of Supervisors authorized the Department of Public Works (DPW) to retroactively accept and expend grant funds in the amount of \$6,216,434 from FEMA, through the State Office of Emergency Services (OES) for eleven projects (File No. 148-97-5) related to hazard mitigation, including the renovation of Fire Station No. 29. Pending DPW's submission of construction cost details, \$4,196,840 of these funds were placed on reserve. Current reserved funds are \$822,387. This request would also authorize the release of \$458,387 for the renovation of Fire Station No. 29, leaving \$364,000 on reserve.

According to Peter Wong of DPW, construction work to be performed for the renovation of Fire Station No. 29, consists of structural upgrades, asbestos abatement, mechanical and electrical system upgrades, increased disabled access on the main floor, and separate shower and locker facilities for men and women.

Budget:

The construction costs for the renovation of Fire Station No. 29, including subcontractor costs and alternate costs, with a maximum amount of \$804,290, was awarded to C.H. General Construction, LTD., which submitted the lowest bid. DPW provided the following budget for this \$804,290 project.

Memo to Finance Committee
December 2, 1998 Finance Committee Meeting

<u>Prime Contractor MBE/LBE (25.61% of Base Bid)</u>	
C.H. General Construction, LTD.	\$199,189

<u>Subcontractors MBE (35.93% of Base Bid)</u>	
Lovie's Construction (Plumbing)	\$35,800
Yum's Mechanical (Mech.)	98,000
Urey Electrical	88,000
Pioneer Roofing	<u>57,675</u>
	279,475

<u>Subcontractors WBE (4.95% of Base Bid)</u>	
Pivot Construction (Rough Carpentry)	<u>38,500</u>
	38,500

<u>Subcontractors Non-WBE/MBE (33.53% of Base Bid)</u>	
FW Construction (Demo/Carpentry)	139,000
Synergy Environmental	5,500
Dees-Hennessey (Shotcrete)	5,985
Standard Cabinet	29,500
Kwan Wo Iron Works	4,800
Joe Wang (Flooring)	22,000
Global (Partitions)	9,551
Color Link Painting	35,000
Supreme Gyms (Glazing)	<u>9,500</u>
	<u>260,836</u>
Total Base Bid	\$778,000

<u>Added Alternates</u>	
Alternate 1 – Kitchen Cabinetry	9,800
Alternate 4 – Interior Painting	4,000
Alternate 3 – Overhead Security Doors Painting	2,500
Alternate 5 – Exterior Painting	<u>9,990</u>
Total Alternates	<u>26,290</u>
TOTAL	<u>\$804,290</u>

BOARD OF SUPERVISORS
BUDGET ANALYST

Comments: 1. Mr. Wong reports that C.H. General Construction, LTD. was selected as the low bidder through an Invitation for Bids process. The firms which bid for this contract and their bid amounts for the contract including the four cost alternates, are as follows:

<u>Bidders</u>	<u>Amount Bid</u>
C.H. General Construction, LTD.	\$804,290
Kin Wo Construction, Inc.	813,600
Competent Builders, Inc.	918,000
Alten Construction	919,645
Seto's Construction	955,000
LC General Engineering & Construction, Inc.	1,014,500

2. In November of 1996, DPW provided an attachment to the Budget Analyst in support of the then-proposed ordinance appropriating \$14,233,588 from the 1992 General Obligation Fire Department Improvement Bonds, which estimated construction costs for Fire Station No. 29 to be \$800,000, to be fully funded by the Fire Department's 1992 Bond Funds. Mr. Wong states that because FEMA grant funds have since become available for this construction project in the amount of \$458,387, only \$341,613 is needed from the Bond Funds. Mr. Wong states that the remaining \$458,387 in allocated but unspent Bond Funds will be retained in the Bond Reserve Fund, and will be used to fund Fire Department projects as needed.

3. As noted above, the proposed request for release of reserved funds of \$800,000 for the renovation work is \$4,290 less than the total construction contract of \$804,290. According to Mr. Wong, the source of the additional \$4,290 would be previously appropriated 1992 General Obligation Fire Bond monies.

Recommendation: Approve the requested release of reserved funds in the amount of \$341,613 from the 1992 General Obligation Fire Department Improvement Bond Proceeds, and in the amount of \$458,387 from the Federal Emergency Management Agency Hazard Mitigation Funds.

Item 6 – File 98-1843

Department: District Attorney

Item: Resolution concurring with the Controller's certification that assistance to certain victims of crime and education in community anti-street violence can continue to be practically performed for the District Attorney's Victim-Witness Assistance Program by a private contractor for a lower cost than similar work services performed by City and County employees.

Services to be Performed: Victim Witness Services for the District Attorney's Victim Witness Assistance Program

Description: Charter Section 8.300-1 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies, and the Board of Supervisor concurs, that such services can in fact be performed by private firms at a lower cost than similar services performed by City employees.

The Controller has determined that contracting for Victim Witness services for FY 1998-99 would result in estimated savings as follows:

	Lowest Salary Step	Highest Salary Step
City-Operated Service Costs		
Salaries	\$127,275	\$150,819
Fringe Benefits	28,801	32,502
Operating Expenses	<u>18,337</u>	<u>18,337</u>
Total	\$174,413	\$201,658
<u>Contractual Services Cost</u>	<u>(118,457)</u>	<u>(118,457)</u>
<u>Estimated Savings</u>	\$55,956	\$83,201

Comments: 1. A private contract for Victim-Witness services was first certified as required by Charter Section 8.300-1 in 1981 and such services have been provided by an outside contractor since then.

BOARD OF SUPERVISORS
BUDGET ANALYST

2. The current one-year contract with Community United Against Violence (CUAV), a non-profit corporation, expired on June 30, 1998. The District Attorney's Office is seeking to renew the current one-year contract for Victim-Witness services with CUAV. Ms. Grace Chan of the District Attorney's Office advises that contractual services are provided on a sole-source basis by CUAV because CUAV started the Victim-Witness Assistance Program in 1981, and therefore is uniquely qualified to provide the service.

3. As previously noted, the CUAV contract to provide Victim-Witness services expired on June 30, 1998. Approval of the proposed resolution is required before the expired contract with CUAV can be renewed for FY 1998-99. According to Ms. Chan, CUAV is currently providing Victim-Witness services for FY 1998-99 without a contract. As such, the proposed resolution should be amended to retroactively concur with the Controller's certification.

4. The Contractual Services Cost used for the purpose of this analysis is the current contractor's (CUAV) proposed costs for Victim-Witness services for FY 1998-99.

5. The Controller's supplemental questionnaire with the Department's responses is attached.

Recommendation: In accordance with Comment No. 3, above amend the proposed resolution to provide for retroactivity and approve the proposed resolution as amended.

CHARTER 8.300-1 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: District Attorney's Office

CONTRACT SERVICES: Community United Against Violence

CONTRACT PERIOD: 7/1/93-6/30/95

- (1) Who performed activity/service prior to contracting out?
No one performed these services before CUAV.
- (2) Number of City employees laid off as a result of contracting out?
No City employees laid off.
- (3) Explain disposition of employees if they were not laid off?
N/A.
- (4) What percentage of City employee's time is spent on services to be contracted out?
N/A
- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?
Since early 1980's - 1983¹
- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?
Don't know: when Prop J was passed because this contract supersedes Prop J. It has been certified each year since.²
- (7) How will contract services meet the goals of your MBE/WBE Action Plan?
CUAV is a 501(c) 3 non-profit. I do not believe it falls under MBE/WBE categories (as it is not "owned"). Board is 50% People of Color.
- (8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if it is not required, does the proposed contractor provide health insurance for its employees?
CUAV does provide health insurance for its employees.
 1. A prior Proposition J Questionnaire indicates that the services have been contracted out since 7/1/81 and will be an ongoing request.
 2. A prior Proposition J Questionnaire indicates that the first fiscal year for Prop J certification was 1981 and it has been certified each subsequent year.

Department Representative: Iricia Stapleton

Telephone Number: 415/551-9543

Item 7 – File 98-1879

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate sewer on 19th Street from Guerrero Street to Dolores Street.

Amount: \$132,602

Source of Funds: FY 1997-98 PUC Repair and Replacement Fund

Description: The PUC advises that on January 14, 1998, the sewer located on 19th Street from Guerrero Street to Dolores Street collapsed, and immediate repairs were required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on January 14, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to K.J. Woods Construction, Inc. in the amount \$106,000.

Budget: The total estimated project cost is \$132,602, including \$99,602 in actual construction costs (or \$6,398 less than the bid amount; see Comment No. 2) and \$33,000 for DPW engineering and construction management costs.

A summary of this budget is as follows:

Construction Contract	\$99,602
DPW Bureau of Engineering	18,000
DPW Bureau of Construction Management	<u>15,000</u>

Total	\$132,602
-------	-----------

Attachment I provided by the PUC provides further budget details to support this \$132,602 budget. Attachment II provided by the DPW details the DPW Bureau of Engineering and Bureau of Construction Management costs.

BOARD OF SUPERVISORS
BUDGET ANALYST

Comments:

1. Seven bids were received to PUC from qualified contractors. PUC reports that K.J. Woods Construction, Inc. submitted the lowest bid and was awarded the contract in the amount of \$106,000. The following table lists the bidders and the amount bid:

<u>Bidder</u>	<u>Bid Amount</u>
K.J. Woods Construction, Inc.	\$106,000.00
Uniacke Construction Co., Inc.	\$107,380.00
Alpine Construction	\$114,935.00
Harty Pipelines, Inc.	\$117,820.00
Shaw Pipelines, Inc.	\$119,870.00
JMB Construction, Inc.	\$120,578.00
A. Ruiz Construction Co.	\$189,540.00

2. PUC reports that although the contract, as awarded to K.J. Woods Construction, Inc. was for \$106,000, the final contract costs after adjustment for actual quantities used during construction was \$99,602 or \$6,398 less than the contract amount of \$106,000.

3. PUC reports that the repair work of the damaged sewer began on January 28, 1998 and was completed on February 17, 1998.

4. Mr. PT Law of the DPW advises that due to various delays in receiving expenditure documentation from the contractor, the PUC is requesting approval of this resolution approximately nine months after the construction work was completed.

Recommendation:

Approve the proposed resolution.

BOARD OF SUPERVISORS
BUDGET ANALYST

98-0261



AGENDA ITEM

DEPARTMENT Utilities Engineering BureauAGENDA NO. 15MEETING DATE October 27, 1998

SUMMARY OF PROPOSED ACTION:

Approval of the Declaration of Emergency by the President of the Public Utilities Commission for Clean Water Contract No. CW-149, "19th Street Emergency Sewer Replacement" and Requesting the Board of Supervisors to Approve the expenditure of funds for the emergency work to repair the structurally inadequate sewer on 19th Street from Guerrero Street to Dolores Street.

DESCRIPTION OF PROPOSED ACTION:

The work performed under this Emergency consisted of performing traffic routing work and trench support work; videotaping existing active side sewers; constructing 589 linear feet of 12-inch diameter vitrified clay pipe (VCP) on crushed rock bedding, 10-inch diameter VCP culverts, concrete manholes, and 6 or 8-inch diameter side sewer connections; removing existing sewers and manholes; videotaping newly constructed main sewers; cleaning existing catchbasins; installing cast-iron water traps for catchbasins; reconstructing the pavement and all related incidental work on 19th Street from Guerrero Street to Dolores Street. This work included all planning, design, and construction support services (under Job Order No. 1575N).

Invitations for quotations were faxed to twenty-two (22) Contractors on January 20, 1998.

APPROVALS:

DEPARTMENT /
BUREAUUTILITIES ENGR.
BUREAUCOMMISSION
SECRETARY

FINANCE

GENERAL
MANAGER

A handwritten signature in dark ink, appearing to be "J. B. M.", written over a horizontal line.

Quotations were received from seven (7) firms on January 22, 1998 as follows:

	Contractor	Quote Amount	Quote Preference	Adjusted Amount (*)	Rank
1.	K.J. Woods Construction, Inc. (LBE) San Francisco, CA 94116	\$106,000.00	5%	\$100,700.00	1
2.	Uniacke Construction Co., Inc (LBE) San Francisco, CA 94131	\$107,380.00	5%	\$102,011.00	2
3.	Alpine Construction (LBE) San Francisco, CA 94122	\$114,935.00	5%	\$109,188.25	5
4.	Harty Pipelines, Inc. (LBE/WBE) San Francisco, CA 94132	\$117,820.00	10%	\$106,038.00	3
5.	Shaw Pipelines, Inc. (LBE) San Francisco, CA 94134	\$119,870.00	5%	\$113,876.50	6
6.	JMB Construction, Inc. (LBE/WBE) San Francisco, CA 94112	\$120,578.00	10%	\$108,520.20	4
7.	A. Ruiz Construction Co. (LBE/MBE) San Francisco, CA 94110	\$189,540.00	10%	\$170,586.00	7

(*) For comparison of bids after application of business enterprise preferences.

Work is of lump sum and unit bid item type.

Application of business enterprise quote preferences in accordance with Chapter 12D of the San Francisco Administrative Code did not change the final ranking of the lowest quotation.

The Engineer's Estimate for this contract was \$129,070.00. The contract as awarded to K.J. Woods Construction, Inc. was for \$106,000.00. The final contract cost after adjustment for actual quantities used during construction is \$99,602.00.

Therefore, the cost of this project is estimated to be \$132,602:

Bureau of Engineering (Planning, Design, and Construction Support)	\$18,000
Bureau of Construction Management (Construction Inspection)	\$15,000
<u>Final Construction Contract Cost</u>	<u>\$99,602</u>
Total Project Cost Estimate	\$132,602

This project is part of the Clean Water Program's continuing Sewer Repair and Replacement Program. Funds are available from the Repair and Replacement Fund (Fund 5C/CPF/R&R, FAMIS Project No. CENRRRR953, Job Order No. 1575N).

Affirmative Action

Because this was an emergency contract, no subcontracting goals were established.

Schedule

K.J. Woods Construction, Inc. began the work on January 28, 1998 and completed it on February 17, 1998.

CONTEXT OF THIS ACTION:

On January 14, 1998, PUC Sewer Operations notified the Hydraulic Engineering Section of the Bureau of Engineering that the existing 18-inch diameter sewer located on 19th Street from Guerrero Street to Dolores Street had collapsed sections. Sewer Operations further requested the Bureau of Engineering to prepare an Emergency Contract to repair this sewer.

Letters informing the UEB Manager, the PUC President, the Mayor, the Controller, and the Board of Supervisors of the emergency situation were sent on January 14, 1998. The Declaration of Emergency has been signed by the President of the PUC.

The Bureau of Engineering prepared the plans and specifications for this emergency contract.

Attachments:

1. Resolution
2. Draft Board of Supervisors Resolution

Contact Person:	Mr. Norman Chan	Phone:	554-8355
cc:	P.T. Law	B. Chase	C. Tang
	C. Jacobo	F. Bongolan	B. Lim
			P. Scott
			M. Williams

**Cost Breakdown for (J.O. #1575N, Contract #CW-149)
19th St. Emergency Sewer Replacement**

Bureau of Engineering

Classification	Title	Rate	Hours	Cost
5504	Project Manager II	\$ 92	8	\$ 736
5206	Associate Civil Engineer	\$ 75	39	\$ 2,925
5202	Junior Civil Engineer	\$ 50	94	\$ 4,700
5386	Civil Engineering Associate II	\$ 60	111	\$ 6,660
5381	Engineering Student Trainee II	\$ 33	33	\$ 1,089
1426	Secretary	\$ 43	44	\$ 1,892
				\$ 18,002
				Rounded: \$ 18,000

Bureau of Construction Management

Classification	Title	Rate	Hours	Cost
5210	Senior Civil Engineer	\$ 100	7	\$ 700
5208	Civil Engineer	\$ 80	15	\$ 1,200
5204	Assistant Civil Engineer	\$ 59	123	\$ 7,257
5318	Construction Inspector	\$ 74	79	\$ 5,846
				\$ 15,003
				Rounded: \$ 15,000

Item 8 – File 98-1680

Department: Public Utilities Commission (PUC)
Hetch Hetchy

Item: Resolution authorizing expenditure of \$750,000 for emergency restoration of supporting soil around Moccasin Newark Transmission Line Tower Footings and repair to access roads in Corral Hollow.

Amount: \$750,000

Source of Funds: Previously appropriated FY 1997-98 Hetch Hetchy capital improvement funds.

Description: On February 13, 1998, PUC declared an emergency, requiring immediate repairs to the Hetch Hetchy Moccasin Newark Transmission Line Tower Footings and access roads in Corral Hollow caused by erosion of soil due to unusually intense and prolonged rainfall.

The PUC reports that Corral Hollow, located in between Alameda County and San Joaquin County, is a seasonal creek that responds quickly to local rainfall and at peak flows will extend up to a width of 1,000 feet. During peak flows, the water level rises above the base of the Hetch Hetchy towers and can wash away soil at the footing of these towers. The creek flows of January and February 1998 have resulted in the removal of soil covering several tower bases.

The removal of the soil covering the tower bases results in the transmission towers being laterally unstable and subject to overturning as a result of wind and angularity loadings¹. PUC reports that this is an extreme danger to public health and safety. Additionally, PUC reports that the structural failure of one of these towers would result in the interruption of power transmission and substantial financial losses to the City.

¹ Objects placed off-center at the top of a transmission tower which cause the weight at the top of the tower to be unevenly distributed.

In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures and awarded a contract to Retaining Walls Co. in the amount of \$610,000.

Budget: The total estimated project cost is \$750,000. A summary budget is as follows:

Construction	\$610,000
PUC Utilities Engineering Bureau	75,000
Contingencies	<u>65,000</u>
Total	\$750,000

Attachment I, provided by Hetch Hetchy, contains the budget details to support this \$750,000. Attachment II, provided by the PUC Utilities Engineering Bureau, details the engineering and inspection costs.

Comments: 1. Three bids were received by the PUC. The PUC reports that Retaining Walls Co. submitted the lowest bid and was awarded the contract in the amount of \$609,444. The table below lists the bidders and the amounts bid:

<u>Bidder</u>	<u>Bid Amount</u>
Retaining Walls Co.	\$609,444
Ranger Pipelines, Inc.	\$615,869
Shimmick Construction Co., Inc	\$699,230

2. Mr. Larry Klein, General Manager of Hetch Hetchy, reports that the repair work on the Hetch Hetchy transmission tower footings and access roads in Corral Hollow began on November 1, 1998. Because of the unseasonably late storms followed by the peak recreational summer usage of this area and inaccessibility because of access road wash-outs, the PUC was not able to begin work when the emergency was declared in February of 1998. Mr. Klein states that the work is anticipated to be completed by December 31, 1998.

Recommendation: Approve the proposed resolution.

BOARD OF SUPERVISORS
BUDGET ANALYST



AGENDA ITEM

Public Utilities Commission

City and County of San Francisco

98-0260

DEPARTMENT Hetch Hetchy Water and PowerAGENDA NO. 14MEETING DATE October 27, 1998

SUMMARY OF PROPOSED ACTION:

Confirming Emergency Conditions affecting Hetch Hetchy Water and Power Moccasin-Newark Transmission Line Tower Footings and Access Roads in the Corral Hollow area arising from severe storms in January and February 1998, authorizing the Manager, Hetch Hetchy Water and Power to undertake immediate measures to make repairs necessary, and requesting the Board of Supervisors to approve the expenditure of funds to perform the emergency restoration work.

DESCRIPTION OF PROPOSED ACTION:

The Manager, Hetch Hetchy Water and Power, recommends that the Commission adopt the attached resolution which ratifies the Declaration of Emergency dated February 13, 1998, by which the President of the Commission declared an emergency on behalf of the Public Utilities Commission. The Declaration of Emergency was made in accordance with Section 6.30 (1) of the Administrative Code of the City and County of San Francisco.

Corral Hollow Creek is a seasonal creek which typically experiences minimal wet weather flows. In January and February, the intensity and duration of rainfall associated with the El Nino resulted in the creek rising to a high level and attaining a width of approximately 1000 feet. Because of the relatively fine grain size of the creek bed soil, significant erosion of the creek bed and the surrounding terrain took place. There are 13 transmission towers in the Moccasin Newark Transmission Line that are located in the flood area, and the scouring resulted in removal of a significant amount of soil surcharge from around the 115kv transmission line tower footings. Soil surcharge over the footings to a height of 4" below the top of the currently exposed concrete foundation is necessary for the combined design forces of maximum wind, angularity and three wires down. Without the soil surcharge, these towers are vulnerable to overturning. Such a failure would be disastrous, and, since these towers are also located within a State of California Recreation Area, this would have an extreme impact on the health and safety of the public.

Because of the unseasonably late storms followed by the peak recreational summer usage of this area and inaccessibility because of access road wash-outs, the City has only now been able to start work. Three

APPROVALS:

DEPARTMENT /
BUREAU Lawrence T. Klein

FINANCE Steven Carmichael

UTILITIES ENGR.
BUREAUGENERAL
MANAGERCOMMISSION
SECRETARY Romaine A. Boldridge

PUC Calendar Item Number:

Department: Hetch Hetchy Water and Power

Project: Flood Emergencies

bids for the work were received from qualified contractors known to be qualified to do the work, and the Contract was awarded to the low bidder, Retaining Walls Company North of Tracy, California.

A Notice to Proceed was issued to the Contractor specifying the first contract day October 15, 1998, and stating that all work is to be performed within 45 working days.

All bidders were instructed to use good faith efforts during the execution of the work to achieve a combine MBE/WBE subcontracting goal of 20%. Since the work consists of importing fill material, grading and compacting, and constructing chevron shaped flow diversion structures upstream of each of the towers that are vulnerable to scouring, the bidders were instructed to use MBE/WBE truckers to the maximum possible extent. Three bids were received on October 7, 1998, at the Hetch Hetchy Moccasin Construction Office. The bids received are tabulated as follows:

Bidder	Bid Amount
Retaining Walls Co. North 800 E. Grant Line Road Tracy, CA 95367	\$609,444
Ranger Pipelines, Inc. P.O. Box 24109 San Francisco, CA 94124	\$615,869
Shimmick Construction Co., Inc. 24200 Clawiter Road Hayward, CA 94545	\$699,230
Engineer's Estimate	\$578,755

None of the bidders was qualified to receive either MBE/WBE or LBE bid preferences.

Estimated repair costs under the emergency are tabulated as follows:

Construction	\$610,000
Engineering and Inspection	\$ 75,000
Contingencies	\$ 65,000
Total	\$750,000

Funding for the emergency is available in Project CUH76204, Famis Index Code 527624.

JUC Calendar Item Number:

Department: Hetch Hetchy Water and Power

Project: Flood Emergencies

Documentation is being developed and expense records are being kept for all charges on this emergency so that the City can obtain the maximum reimbursement from FEMA.

CONTEXT OF THIS ACTION:

When the President of the Commission declares an emergency based on Section 6.301 of the administrative Code, the repair or contract may be executed in the most expeditious manner possible.

When possible and if time permits, normal contracting procedures are followed so as to obtain three competitive bids as required for FEMA reimbursement. In the case of this emergency, unseasonably late storms followed by the peak recreational summer usage of this area and inaccessibility because of access road wash-outs prevented work. This gave the engineers time to prepare plans and specifications, to solicit competitive bids, and to award the contract and issue a notice to proceed.

ATTACHMENTS:

Resolution

Draft Board of Superior's Resolution

Contact Person: Lawrence T. KleinPhone: 554-0726

c:\wp61\emer\hhtth2.wpd

cc: K Cooper S Carmichael

M Gass C Jacobo

E Hintze

F Mangold

W Melia P Chan

B Reyes

Cost Breakdown for:
Emergency Erosion Control Work
Moccasin Newark Line
HH-881(E)

Utilities Engineering Bureau

Classification	Title	Rate	Hours	Cost
5210	Senior Civil Engineer	\$89	128	\$11,392
6318	Construction Inspector	\$70	887	\$62,090
1446	Secretary II	\$48	32	\$1,536

Total: \$75,018

Rounded: \$75,000

Item 9 - File 98-1877

Department: Department of Public Health (DPH)

Item: Resolution authorizing the adoption of the County Description of Proposed Expenditure of California Healthcare for Indigents Program (CHIP) Funds for FY 1998-1999, and authorizing the President or duly authorized representative of the Board of Supervisors of the City and County of San Francisco to certify the County Description of Proposed Expenditure of CHIP funds for FY 1998-1999.

Amount: \$8,925,704

Source of Funds: California Healthcare for Indigents Program (CHIP) Funds

Description: California Healthcare for Indigents Program (CHIP)

In October of 1989, DPH began its implementation of State Assembly Bill (AB) 75, the Proposition 99/Tobacco Tax Bill. State AB 75 created the California Healthcare for Indigents Program (CHIP) to provide counties with funds for the provision and expansion of health care services to medically indigent adults.

CHIP funds are used to reimburse participating County hospitals, as well as private or non-County hospitals, for inpatient, outpatient and emergency services and participating private physicians for emergency, obstetric and pediatric services provided to indigent persons.

The Board of Supervisors approved the expenditure of \$9,050,401 in CHIP funds in the DPH FY 1998-1999 budget. In August, 1998, the Board of Supervisors authorized the DPH to apply for, accept, and expend retroactively CHIP grant funds for FY 1998-1999 (File 98-1290). At the time that the Board of Supervisors approved the grant application for CHIP funds, the DPH estimated a FY 1998-1999 allocation of \$9,150,401 in CHIP funds. The final amount approved by the State of \$8,925,704 reflects a decrease of \$124,697 over the originally anticipated allocation of \$9,050,401 (see Comment No. 1).

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Requirement of County Description of Proposed Expenditures of CHIP Funds

The DPH advises that State regulations require that the County submit to the State, on an annual basis, a description of the County's proposed expenditures of the CHIP funds and that the President of the Board of Supervisors or duly authorized representative certify that expenditure description which is the subject of this proposed resolution.

CHIP Funds

The DPH reports that for FY 1998-1999, the County will receive an allocation, totaling \$8,925,704 in CHIP funds as follows:

County Hospitals Fund	\$ 6,197,561
Non-County Hospitals Funds	577,020
Physician Services Funds	651,842
<u>Other Health Services Fund</u>	<u>1,499,281</u>
Total for CHIPS Funds	\$ 8,925,704

Proposed Expenditure of County Hospitals Fund

San Francisco General Hospital (SFGH) has been designated as the City's recipient of CHIP funds earmarked for County hospitals. For FY 1998-1999, the total amount available for expenditure by SFGH is \$6,197,561. The DPH's proposed expenditure plan provides for the expenditure of the \$6,197,561 as follows:

SFGH Indigent Care	\$ 5,733,773
Child Health and Disability Prevention	
Treatment Services	62,322
<u>DPH Administrative Costs</u>	<u>401,466</u>
Total for County Hospitals Fund	\$ 6,197,561

Proposed Expenditure of Non-County Hospitals Funds

For FY 1998-1999, the total amount available for expenditure by eight non-County hospitals is \$577,020.

Of the total amount of \$577,020, \$288,510, or 50% of the CHIP private hospital funds, will be allocated to the City's

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eight local non-County hospitals. The eight non-County hospitals are: (1) California Pacific Medical Center, (2) Chinese Hospital, (3) Davies Medical Center, (4) Medical Center at the University of California, San Francisco, (5) St. Francis Memorial Hospital, (6) St. Luke's Hospital, (7) St. Mary's Hospital and Medical Center, (8) University of California – San Francisco/Mt. Zion.

Non-County Hospitals (8)	
(based on State determination)	\$ 288,510
<i>Total for eight Non-County Hospitals</i>	
(based on State determination)	\$ 288,510

The remaining \$288,510, or 50% of the CHIP private hospitals funds will be allocated by the DPH under a discretionary category. The CHIP discretionary funds are not required by State regulations to be allocated to all private hospitals. Therefore, the DPH has the discretion to allocate these funds to one or more private hospitals for the provision of health care services to indigent persons, as it deems appropriate. DPH intends to allocate the \$288,510 by reimbursing the local non-county hospitals identified above and paying for the associated costs as follows:

Non-County Hospitals (discretionary by DPH)	\$ 256,774
Professional Services Contract	
(Managed Care Solutions, Inc.)	31,736
<i>Total for eight Non-County Hospitals</i>	
(discretionary by DPH)	\$ 288,510

Proposed Expenditure of Physician Services Fund – Emergency Medical Services Fund Account

In accordance with State regulations, the DPH has established an Emergency Medical Services (EMS) Fund account.

Of the \$651,842 allocated for Physician Services for FY 1998-1999, \$325,921 or 50% would be deposited to the EMS Fund account.

For FY 1998-1999, the DPH's proposed expenditure plan for the Emergency Medical Services Fund account provides for the expenditure of the \$325,921 as follows:

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Physician Services	\$ 293,329
Professional Services Contract (Managed Care Solutions, Inc.)	32,592
<i>Total for Emergency Medical Services</i>	<i>\$ 325,921</i>

**Proposed Expenditure of Physician Services Fund –
New Contracts Fund Account**

Of the \$651,842 allocated for Physician Services for FY 1998-1999, \$325,921 or 50% would be allocated to the New Contracts Fund account.

For FY 1998-1999, the DPH's proposed expenditure plan for New Contracts Fund account provides for the expenditure of the \$325,921 as follows:

Physician Services	\$ 173,034
Child Health and Disability Prevention Treatment Services	120,295
Professional Services Contract (Managed Care Solutions, Inc.)	32,592
<i>Total for New Contracts</i>	<i>\$ 325,921</i>

Proposed Expenditure of Other Health Services Fund

For FY 1998-1999, the total amount available under the CHIP Other Health Services Fund is \$1,499,281.

For FY 1998-1999, the DPH's proposed expenditure plan for the Other Health Services Fund provides for the expenditure of the \$1,499,281 as follows:

SFGH Indigent Care	\$ 1,357,805
Professional Services Contract (Managed Care Solutions, Inc.)	46,877
DPH Administrative Costs	50,244
Child Health and Disability Prevention Treatment Services	44,355
<i>Total for Other Health Services</i>	<i>\$ 1,499,281</i>

Comments: 1. Allocation Less Than Approved Amount

As previously noted, Mr. Jeff Leong of the DPH reports that the CHIP Expenditure Plan reflects the final FY 1998-1999 allocation of \$8,925,704 in CHIP funds which is \$124,697 less than the \$9,050,401 approved in the DPH's FY 1998-1999 budget. According to Mr. Leong, the decrease of \$124,697 will be made up through interest earnings on the CHIP funds and no services will be affected.

2. Managed Care Solutions

According to Mr. Leong, the DPH would continue to contract with Managed Care Solutions, Inc. in a total amount of \$143,797 for FY 1998-1999 for the provision of fiscal intermediary services for the participating private hospitals and private physicians. These services include the receipt, processing and payment of claims in connection with the CHIP program. In addition to the fiscal intermediary services, Managed Care Solutions, Inc. would continue to be responsible for provider relations, information dissemination and data reporting, and would assist the DPH in the CHIP program management.

Recommendation: Approve the proposed resolution.

Item 10 - File 98-1881

Departments: Public Utilities Commission (PUC)
Hetch Hetchy Water and Power (Hetch Hetchy)

Item: Resolution concurring with the Public Utilities Commission's finding that Hetch Hetchy has a surplus which can be transferred to the City's General Fund.

Amount: \$42,703,273

Description: Requirements of Charter Section 16.103

Charter Section 16.103(b)3 provides that the Public Utilities Commission, with the concurrence of two-thirds of the Board of Supervisors, may authorize the transfer of any portion of surplus funds to the General Fund upon making all of the following findings of fact and judgment:

- (A) That a surplus exists or is projected to exist after meeting the requirements of this section;
- (B) That there is no unfunded operating or capital program that by its lack of funding could jeopardize health, safety, water supply or power production;
- (C) That there is no reasonably foreseeable operating contingency that cannot be funded without General Fund subsidy (meaning that the unappropriated fund balance for the Hetch Hetchy operating fund is sufficient to meet any "reasonably foreseeable operating contingency"); and
- (D) That such a transfer of funds in all other respects reflects prudent utility practice.

Resolution Adopted by PUC

On October 13, 1998, the Public Utilities Commission adopted Resolution No. 98-0250 authorizing a transfer to the City's General Fund totaling \$42,703,273 in FY 1998-1999 surplus Hetch Hetchy funds, in accordance with the provisions of Charter Section 16.103.

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- Comments:**
1. The FY 1998-1999 budget, as approved by the Board of Supervisors, was based on this proposed subject transfer of Hetch Hetchy revenues to the General Fund in the amount of \$42,703,273.
 2. The General Manager of Hetch Hetchy, Mr. Lawrence Klein, estimates that Hetch Hetchy will have an Unappropriated Fund Balance of approximately \$4,481,983 at the end of FY 1998-1999, net of the proposed transfer to the General Fund. Mr. Klein stated that this balance is adequate to provide for reasonably foreseeable contingencies.

Recommendation: Approve the proposed resolution.

Item 11 – File 98-1689

- Department:** Department of Real Estate (DRE)
Department of Public Works (DPW)
- Item:** Resolution authorizing the Director of Property to accept a drainage easement deed over private property in the Bayview Hill Subdivision.
- Location:** The parcel of land affected by the proposed drainage easement is on Le Conte Avenue at Jennings Street in the Bayview District, known as Assessor's Block 4991, Lots 108-110.
- Description:** The proposed resolution would grant easement rights, from Mr. Rosario F. Occhipinti, a private developer, to the City, over three lots owned by the private developer, which are located directly below and adjacent to the City-owned Bayview Hill Park. On the subject lots, which are currently under residential development, culverts and storm drain inlets have been built at the expense of the private developer. Such drainage facilities are necessary to ensure proper drainage of the City-owned Bayview Hill Park and the protection of the privately-owned lots located below and adjacent to the Park.
- Approval of the subject resolution would authorize DPW to accept a drainage easement deed from the private developer, at no cost to the City, and would require DPW to maintain and repair the drainage facilities.
- Comments:**
1. According to Mr. Larry Ritter of the DRE, DPW and DRE worked closely with the private developer to design and install appropriate drainage facilities that would protect both the City and the three residential lots by allowing proper drainage from the Bayview Hill Park over and through the adjacent private property. Mr. Ritter notes that the Director of Property and the Director of Public Works both recommend approval of the proposed resolution.
 2. According to Mr. Ray Gigliati of DPW, the private developer has agreed to pay a one-time maintenance fee of \$2,781 for each of the three lots, for a total of \$8,343,

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when the lots are developed and become occupied, to offset DPW costs of maintenance on the subject drainage facilities. Mr. Gigliati notes that the fee of \$2,781 per lot was the estimated amount needed to cover the maintenance costs of the drainage facilities for their useful lifetime.

Recommendation: Approve the proposed resolution.

Item 12 – File 98-1841

Department: Department of Real Estate (DRE)

Item: Resolution authorizing and directing execution of a quitclaim deed from the City and County of San Francisco to the San Francisco Unified School District, for Assessor's Block 3593, Lot 40 (portion), formerly Treat Avenue north of 20th Street, and adopting findings pursuant to City Planning Code Section 101.1.

Description: **Subject Property**

This proposed resolution would authorize a transfer, through the execution of a quitclaim deed, of City-owned real property known as Assessor's Block 3593, Lot 40 (portion), the former Treat Avenue right of way, north of 20th Street, to the San Francisco Unified School District (SFUSD). The property, which is vacant land, consists of 17,700 square feet. Treat Avenue runs parallel to Harrison Street on the east and Folsom Street on the west. The subject property extends 60 feet in an east-west direction, and 295 feet in a north-south direction.

Need For Title Transfer

According to Mr. Larry Jacobson of the DRE, legal title over the subject property is currently vested in the City, but the City vacated the subject property in 1976.

According to Mr. Jacobson, the powers of management and control of school property are vested in the Board of Education of the SFUSD. SFUSD, a political subdivision of the State of California, has used the subject property since 1976 as part of the George Moscone Elementary School and the Las Americas Child Care Center, facilities which have since been demolished. Prior to converting the subject property to school use, the SFUSD relocated utility lines and constructed a new street, Mistral Street, for a Treat Avenue outlet.

Consistent with its powers of management and control, the Board of Education of the SFUSD approved the current construction of the new John O'Connell Technical

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High School. Upon completion, this new high school building will encroach upon the vacated subject property. SFUSD seeks to apply for State loans for this new school, but in order to do so, SFUSD must hold legal title to the subject property.

To accomplish a full transfer of title of the subject property, a conveyance of the subject property to SFUSD is needed. According to Mr. Jacobson, a quitclaim deed is the customary instrument to effect this transfer of title.

Planning and Environmental Compliance

According to the Mr. Stephen Shotland of the Planning Department, the proposed quitclaim deed for transferring the subject property from the City to the SFUSD is in conformity with the City's General Plan. Also, such conveyance is categorically exempt from environmental review under Class 15061(b)(1) of State Environmental Review Guidelines. The Planning Department also found that the quitclaim deed is consistent with the Eight Priority Policies of Planning Code Section 101.1.

Comments:

1. Administrative Transfer

The SFUSD does not pay the City for the transfer of title on the subject property because SFUSD has had beneficial use of the property since 1976, according to Mr. Jacobson. Mr. Jacobson states that this conveyance is merely an administrative transfer which confirms the SFUSD's ownership of this property.

2. Future Plans At Subject Parcel

According to Mr. Jacobson, the subject property will be incorporated into the new John O'Connell Technical High School. School structures such as a school gymnasium will be built on the subject property, and some of the parcel will be used as part of an active sports/playing field. According to Mr. Shotland, some of these facilities will be made available for community use.

Recommendation:

Based on the advice from the Department of Real Estate that management and control of the property is already

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance Committee
December 2, 1998 Finance Committee Meeting

vested in the San Francisco Unified School District,
approve the proposed resolution.

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BUDGET ANALYST

Item 13 – Files 98-1790

Department: Airport Commission

Item: Resolution approving “Boarding Areas ‘B’ and ‘C’ at the South Terminal for the Principal Concession Retail Lease” between Pacific Gateway Concessions, LLC. (Pacific), and the City and County of San Francisco, acting by and through the Airport Commission.

Purpose of Lease: Pacific is a retail concessionaire that sells apparel, newspapers, candy and other retail goods. This new lease provides for Pacific’s lease of Boarding Areas ‘B’ and ‘C’ in the Airport’s South Terminal.

Lessor: City and County of San Francisco, through the Airport Commission

Lessee: Pacific Gateway Concessions, LLC. is a joint venture consisting of two MBE firms, De La Ve, Inc., and Soto & Sanchez Investments.

Number of Sq. Ft.: Approximately 6,180 square feet in seven retail spaces, as identified in the following page.

Amount Payable to Airport: The proposed lease would require Pacific to pay the Airport the greater of a minimum annual guarantee of \$2,170,000.99 for the first year of the lease term or a percentage of gross revenues realized by Pacific. The Minimum Annual Guarantee for the next four years would be \$2,170,000.99, adjusted by increases in the U.S. Department of Labor Department Store Inventory Price Index-Soft Goods¹. According to the lease, the annual percentage of gross revenues is 12% for the first \$500,000, 14% between \$500,000 and \$1,000,000, and 16% for all gross revenues in excess of \$1,000,000.

¹ According to Ms. Judy Tabimina of the Airport, soft goods are defined as retail goods such as toys, sunglasses, and books. The Airport has determined that this price index, published by the United States Department of Labor, Bureau of Labor Statistics, is the most appropriate one to apply to leases for Airport Concessions.

Term of Lease: Five years, estimated to begin April of 1999, upon completion of the required renovation work by Pacific and to end April of 2004.

Description: The proposed resolution would approve a new lease of the Boarding Areas 'B' and 'C' in the South Terminal at the San Francisco International Airport, entitled "Boarding Areas 'B' and 'C' Principal Concessions Retail Lease" between Pacific and the City.

Under the proposed lease, Pacific would operate seven concessions occupying a total of 6,180 feet. The following table identifies the types of goods sold at each concession and the number of square feet per concession.

<u>Concession Space</u>	<u>Type of Store</u>	<u>Goods Sold</u>	<u>Square Feet</u>
B1	Specialty	Apparel, Souvenirs, Retail Goods	1,756
B5	Leather Goods	Apparel, Retail Goods	908
B6	Newsstand	News, Retail Goods	438
C2	Specialty	Apparel, Souvenirs, Retail Goods	1,929
C3	Specialty	Coffee, Tea, Spice	522
C4	Newsstand	News, Retail Goods	547
C5	Candy Cart	Candy, Retail Goods	80
TOTAL			6,180

Prior to commencement of the proposed lease, Pacific is required to invest a minimum of \$150 per square foot to renovate 6,180 square feet, or a minimum investment of \$927,000. Pacific is scheduled to begin renovation work on January 10, 1999.

Comments: 1. The Airport Commission adopted Resolution No. 98-0228 on September 15, 1998, recommending the award of the lease to the proposed lessee, Pacific Gateway Concessions, LLC, based on a competitive bidding process. The award was based on the highest Minimum Annual Guarantee bid amount.

According to Mr. Bob Rhoades of the Airport, the lowest Minimum Annual Guarantee qualifying bid for the proposed lease was set at \$1,200,000, based on a projected forecast of gross revenues ranging between \$8,000,000 and \$10,000,000, or 12%-15% of gross revenues.

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Mr. Rhoades stated that the Airport sent the Request For Proposals (RFP) to over 500 companies. These 500 companies are part of the Airport's master list of companies that have expressed an interest in leasing space at the Airport. The names of the three companies that responded to the RFP and their Minimum Annual Guarantee bids were as follows.

<u>Company</u>	<u>Annual Guarantee</u>
Pacific Gateway Concessions, LLC.	\$2,170,000.99
CalStar Retail, Inc.	\$1,840,260.00
Host International, Inc.	\$1,700,000.00

2. The prior lease for the 6,180 feet at Boarding Areas 'B' and 'C' in the South Terminal was with Host International, Inc. (Host). Host's lease included two additional concession spaces in Boarding Areas 'B' and 'C' in the South Terminal consisting of a total of 2,857 square feet, for a combined total of 9,037 square feet. Host's lease will expire on January 10, 1999. According to Mr. Rhoades, although Host's bid for the right to continue leasing the 6,180 square feet was not successful, Host was successful in its bid to continue leasing the two additional concession spaces located in the same terminal, totaling 2,857 square feet. Mr. Rhoades states that the proposed Minimum Annual Guarantee for these other two spaces is \$410,000, beginning April of 1999, for a total of five years.

Mr. Rhoades reports that the Minimum Annual Guarantee for the period from January 11, 1998 to January 10, 1999, or the final year of the lease term with Host for the 9,037 square feet, is \$2,587,000, or \$6,999.01 more than the \$2,580,000.99 Minimum Annual Guarantees, including \$2,170,000.99 for the proposed subject lease from Pacific and \$410,000 from Host for the same space, for the first year of the proposed lease. According to Mr. Rhoades, the Minimum Annual Guarantee for the last year of the existing lease exceeds the sum of the Minimum Annual Guarantees for the first year of the two proposed leases because the economic turmoil in Asia has caused recent bids to be lower, as less items are anticipated to be sold by concessionaires.

3. As shown in the Attachment provided by Mr. Rhoades, a total of \$13,697,500 from the Minimum Annual

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Guarantee revenues is estimated to be paid by Pacific and Host to the Airport over the five year term of these two leases consisting of the combined 9,037 square feet. The projected payment of \$13,697,500 is \$1,391,500 more than the \$12,306,000 which was paid by Host, the prior lessee of the combined space for 9,037 square feet, over the last five years of the existing lease.

4. The proposed lease provides that Pacific will either (a) obtain a surety bond in an amount equal to one-half of the Minimum Annual Guarantee payment of \$2,170,000.99, or \$1,085,000.50, which would be payable to the Airport in the event of non-payment of rent or non-monetary default under the terms of the proposed lease, or (b) deposit with the Airport an Irrevocable Letter of Credit, Certificate of Deposit, Certified Check, Money Order, or Cashier's Check equal to an amount of one-half of the minimum annual guarantee payment of \$2,170,000.99, or \$1,085,000.50, as security for faithful performance of the lease terms by Pacific.

Recommendation: Approve the proposed resolution.

TABLE 1
BOARDING AREA B/C PRINCIPAL CONCESSION LEASE

The following table summarizes the rent paid under the previous Principal Concession Lease with Host (Lease effective 1/11/94 – 1/10/99) versus the combination of Pacific Gateway (B/C Principal Concession Lease) and Host (Bookstore Lease) projected revenues (4/99 – 4/04).

Year	Host Rent (S000s)	Projected Pacific Gateway / Host Rent* (S000s)
1	\$2,033.3	\$2,580.0
2	\$2,559.0	\$2,657.4
3	\$2,559.0	\$2,737.1
4	\$2,567.7	\$2,819.2
5	\$2,587.0	\$2,903.8
Total	\$12,306.0	\$13,697.5
Service Payment		
equal to 15% of Rent \$1,845,900		\$2,054,630
*assumes annual CPI adjustment of 3.0%		

c:\rhoades\table.doc
 11/13/98

Item 14 – Files 98-1791

Department: Airport Commission

Item: Resolution approving a “Lease Agreement in the North Field Cargo Facility” for new cargo warehouse space between Nippon Cargo Airlines, Inc. (NCA) and the City and County of San Francisco, acting by and through the Airport Commission.

Purpose of Lease: This new lease provides NCA with warehouse, office, and cargo by-pass space in the Airport’s North Field Cargo Facility (Facility), located in the North Field Area of the Airport. The Facility is currently under construction, at an estimated cost of \$59,000,000, and will have NCA, Federal Express Corporation (Federal), and at least one other airline as tenants. According to Ms. Diane Artz of the Airport, the estimated cost of NCA’s exclusive components of the Facility is \$18,000,000. Facility Construction costs will be reimbursed to the Airport by the tenants’ annual rental payments to the Airport. NCA presently rents space directly from American Airlines at the Airport’s Plot 9, and maintains an off-airport location in South San Francisco. NCA does not currently lease space from the Airport.

Lessor: City and County of San Francisco

Lessee: Nippon Cargo Airlines, Inc.

Number of Sq. Ft.: A total of approximately 78,410 square feet of exclusive space, including 55,000 square feet of warehouse space, 6,250 square feet of second floor office space, and 17,160 square feet of paved land used for cargo by-pass space, 16 truck dock positions and 5 truck parking positions. Cargo by-pass is the corridor between the secure airfield area, accessible only to air traffic, and the non-secure area, where trucks load airplane-bound cargo onto transport machines. All tenant-exclusive and common area space in the Facility will total approximately 188,000 square feet of warehouse space and 39,000 square feet of office space.

**Amount Payable
to Airport:**

The proposed lease would require NCA to pay the Airport an annual rent which is the greater of the Cost Amount¹ or the Market Value Amount². The City will determine the exact Cost Amount and the Market Value Amount on or before the date that is 150 days before the first rental payment to the Airport is due. Mr. Bob Rhoades, Deputy Director of Airport Business and Finance, estimates rent will be \$21.46 per square foot per year, or \$1,682,678.60, based on the 78,410 square feet and the Cost Amount. According to Mr. Rhoades, the \$21.46 is estimated to recover the capital costs of NCA's components of the building, as well as to fully reimburse the Airport for the Airport's annual operating and maintenance costs of NCA's components of the building.

The proposed lease also provides for annual increases in the annual rent based on increases in the Consumer Price Index, with the exception of the sixth year of the proposed lease, when the annual rental payment to the Airport will be determined by reappraisal of the Facility to the Market Value Amount.

Term of Lease:

Approximately ten years and six months, estimated to begin in October of 1999, upon completion of construction of the Facility, and to end in March of 2010.

Description:

The Airport is constructing a new North Field Cargo Facility (Facility) to provide cargo warehouse space as part of the Airport's Master Plan Program. Completion of the construction is scheduled for October of 1999.

Under the proposed lease, NCA would use the Facility to receive, deliver, dispatch, process, handle and store approximately 72 million lbs. per year of computer equipment and computer industry-related air cargo and mail between the Bay Area and the Far East.

¹ Cost Amount is the sum of (a) projected annual debt service incurred by the City attributable to the financing, design and construction of the Facility, and (b) the projected annual operating and maintenance charges for the Facility and related administrative charges incurred by the City.

² Market Value Amount is the rent a third party would be willing to pay to lease the Facility, based on (a) the size, location and age of the Facility, (b) services provided under this proposed lease, (c) the rental being obtained for new leases of space at the Airport, and (d) the quality of construction of this new Facility.

Comments:

1. The Airport Commission adopted Resolution No. 98-0190 on August 4, 1998, recommending the award of the lease to the proposed lessee, NCA.

2. Section 2A.173 of the City Administrative Code states "The Airport Commission shall have power to negotiate and execute leases of airport lands and space in airport buildings, without necessity for competitive bidding, to any person, firm, or corporation engaged in air transportation ... provided, that the original term of any such lease shall not exceed 50 years, nor shall any extension of such lease exceed a period of 50 years."

3. According to Mr. Rhoades, the lease with NCA was recommended without soliciting competitive bids because the Airport has the authority to make such awards pursuant to the Administrative Code as cited in Comment No. 2 above, and because after a thorough analysis of airline needs and Airport resources, a careful selection of airlines was made to match the land and space available, and NCA was determined to be the most suitable lessee.

Mr. Rhoades states that the Airport maintains a waiting list of airlines seeking land and space at the Airport. Mr. Rhoades further states that the North Field area of the Airport is designed purely for "freighters", or air transportation firms dealing only with the transport of cargo, and as such the North Field area is not desirable to the majority of airlines, which carry passengers in addition to cargo. The majority of airlines seeking land and space at the Airport desire the West Field Area as it is designed for both passengers and cargo. Mr. Rhoades states that only two airlines requested land and space in the North Field Area, NCA and Federal. Mr. Rhoades states that NCA was first on the waiting list of airlines requesting land and space in this area, and NCA was therefore awarded the lease, and Federal Express Corporation will be awarded a lease for adjacent land and space in the Facility next year, with Board of Supervisors approval.

4. Ms. Artz states that approximately 18,000 square feet of Facility space will remain after both NCA and Federal occupy the Facility, and that full capital costs of the building would not be recovered if this space were to

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remain vacant. Mr. Rhoades states that although only two airlines, NCA and Federal, have formally requested space in the Facility, two other airlines have expressed interest in the remaining 18,000 square feet of space, and these airlines are currently negotiating with the Airport the development of requests for this space. Mr. Rhoades states that there is sufficient demand for space in the North Field area to ensure that no space in the Facility will remain vacant and that capital costs of the building will be recovered.

Recommendation: Approval of the proposed resolution is a policy decision for the Board of Supervisors.

Item 15 - File 98-1876

Department: Department of Human Resources (DHR)

Item: Ordinance implementing the provisions of an amendment to the Memorandum of Understanding (MOU) between the Municipal Executives Association and the City and County of San Francisco pursuant to Article III.E.3, Subsections (B.1) and (E) of the MOU, to provide internal adjustments for the time period beginning July 1, 1998 through June 30, 2001.

Description: In June of 1998, the Board of Supervisors approved an MOU with the Municipal Executives Association (MEA) for the three-year period from July 1, 1998 through June 30, 2001. This MEA MOU contained provisions for an internal adjustment procedure, which authorized the City to allocate up to \$325,000 to pay internal wage adjustments over the three-year life of the agreement. The standards established in the MEA MOU to grant such internal adjustments were as follows: (1) the basic wage for the classification is below the prevailing wage level in the relevant labor market as demonstrated by verifiable salary data, and/or (2) there is an ongoing and demonstrable recruitment and/or retention problem, and/or (3) traditional salary relationships, which continue to be justified, have been substantially altered, and/or (4) either the duties, responsibilities and/or minimum requirements for a classification have been altered significantly as reflected in either the class description or the most recent exam announcement. The MEA MOU granted internal adjustments to 16 classifications covering 19 positions as of July 1, 1998. In addition, the MOU stated that the City and the MEA would attempt to reach agreement on internal adjustments for 39 other classifications identified in Appendix E of the MOU by September 30, 1998.

The MEA MOU, previously approved by the Board of Supervisors, also contained a specific section addressing Airport Internal Adjustments. This section stated that the San Francisco International Airport was undertaking a classification/compensation study

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and that the Director of Human Resources, upon recommendation of the Director of Airports, would be authorized to make internal adjustments, not to exceed one percent of the Airport's permanent salary budget for FY 1998-99, which the Controller's Office determined to be \$92,692. This section also stated that the Airport's internal adjustments would be limited to those classifications that were specified in Appendix F of the MOU.

The proposed ordinance would implement the provisions of this previously approved MOU, to provide internal adjustments for 19 additional classifications, which represents 43 employees, for the three-year time period retroactive from July 1, 1998 through June 30, 2001.

Attachment 1, provided by DHR, identifies 18 of the 19 classifications, and 42 of the 43 positions, that would receive the proposed internal adjustments in pay. Attachment 1 also contains (1) the percent of the proposed increase for each classification, (2) the maximum biweekly and annual pay rates for each classification before the internal adjustment, (3) the maximum biweekly and annual pay rates for each classification after the internal adjustment, and (4) the annualized three year cost of the proposed increase in pay. As shown in Attachment 1, the proposed increases for the internal adjustments range from a two percent increase for the 5131 Bureau Chief of the Department of Public Works to a 12.5 percent increase for the 5156 Division Manager of Suburban Operations for the Public Utilities Commission. Attachment 1 also identifies a total salary cost for the third year of the MOU in the amount of \$324,261 for the proposed internal adjustments, which includes a salary cost of \$104,428 for the internal adjustments approved on July 1, 1998 and the salary cost of \$219,833 for the internal adjustments currently being proposed.

The one classification and position that is not included in Attachment 1 is 9278, the Director of Airports. The Director of Airports is proposed to receive an 18.7 percent internal adjustment, which is the highest increase proposed. Such an increase would result in

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the Director of Airports' annual salary increasing from the current \$147,178 to \$174,661, an annual salary increase of \$27,483.

Comments:

1. In addition to the proposed internal adjustment increases to salaries for these 19 classifications, which range from two percent to 18.7 percent, all classifications and employees in the MEA received a three percent increase in salaries, effective as of October 3, 1998.

2. Attachment 2, provided by the Department of Human Resources, identifies the reasons for the internal adjustments for each of the 18 classifications, excluding the Director of Airports, based on the standards identified in the MEA MOU. Ms. B. J. Dix of the Department of Human Resources reports that the increase in the Director of Airports' salary was based on the Airport's classification/compensation study.

3. As required by the MEA MOU, the proposed internal adjustment increases would be retroactive to July 1, 1998 for all of the proposed classifications, except for the Director of Airports, for which the proposed increase would be prospective.

4. As shown in Attachment 3, the Controller's Office reports that the proposed ordinance would result in estimated incremental costs of approximately \$270,800 for salary and fringe benefits for these 19 classifications over the three-year period of this MOU. According to Ms. Peg Stevenson of the Controller's Office, these amounts were previously included in the City's projections and cost analysis

5. According to Mr. John Madden of the Controller's Office, the Salary and Benefit Reserve of \$6,257,587 approved in the FY 1998-99 budget is the source of funds for the proposed General Fund supported salary and benefit expenses. Mr. Madden notes that increases in salaries and benefits of non-General Fund positions, such as the Director of the Airport, would be paid from non-General Fund revenues. Mr. Madden reports that the current balance in the Salary and Benefit Reserve account is \$3,868,662.

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6. Appendix E and Appendix F of the MEA MOU, as previously approved by the Board of Supervisors, lists the specific classifications which are authorized to receive an internal adjustment. These appendices do not provide authorization for three classifications, (1) 1682, Controller, (2) 5156, Division Manager of Suburban Operations, and (3) 9278 Director of Airports to receive internal adjustments during the three-year MOU period. However, this proposed ordinance recommends implementing internal adjustments of 11 percent for the Controller, 12.5 percent for the Division Manager of Suburban Operations and 18.7 percent for the Director of Airports. The Budget Analyst notes that these three positions would receive the highest percent of internal adjustments of all the adjustments proposed. However, as previously noted, these three positions were not authorized to receive any internal adjustments pursuant to this subject MOU, which was previously approved by the Board of Supervisors. According to Mr. Geoff Rothman of the Department of Human Resources, these three classifications were omitted from the appendices on the previously approved MEA MOU, due to clerical errors. Mr. Rothman reports that the MEA and the City have mutually agreed to provide the proposed internal adjustments for these three classifications.

7. Mr. Ted Lakey and Ms. Michele Modena of the City Attorney's Office report that since these three positions were not included in Appendix E or Appendix F of the MEA MOU, which listed those positions authorized to receive internal adjustments, the proposed internal adjustments for these three positions cannot be approved. According to Mr. Lakey and Ms. Modena, in order to approve such internal adjustments, the previously approved MEA MOU would need to be amended to include these three positions in the appropriate appendices. Ms. Modena notes that an amended version of the previous MEA MOU has been submitted to the Board of Supervisors, to include these three positions on the appropriate appendices.

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Recommendation: Given the opinion of the City Attorney's Office, the Board of Supervisors can either (1) approve the remaining 16 classifications that are proposed to receive an internal adjustment, and not approve the three classifications that were not included in the appendices; (2) approve the remaining 16 classifications that are proposed to receive an internal adjustment and request that legislation be prepared to amend the previous MOU to include the three classifications that were omitted; or (3) continue to the Call of the Chair the proposed legislation, pending approval of amended legislation to include these three omitted classifications. It should be noted that the remaining 16 classifications internal adjustments would be retroactive to July 1, 1998.

MEA Internal Adjustments

Class Title	Budgeted Positions	Proposed Increase	FY 2000-2001				Annualized Cost Year 3	
			9/30/00 before adj		9/30/00 with adj			
			Sched	Step 5	Annual	Sched	Step 5	Annual
1120 Director of Animal Care	1	5.00%	73.45	\$3,088	\$104,348	74.45	\$4,107	\$108,542
1125 Division Manager, Registrar of Voters	4	3.00%	65.30	\$2,085	\$70,078	65.90	\$2,704	\$72,140
1132 County Clerk/Recorder	1	5.00%	70.70	\$3,483	\$91,167	71.70	\$3,668	\$95,735
1082 Controller	1	11.00%	0.00	\$5,780	\$150,858	0.00	\$0,441	\$168,110
1843 Exec Dir, SE Community Facility Commission	1	8.00%	63.70	\$2,483	\$84,808	66.30	\$2,685	\$70,078
2925 Chief, Medical Social Services	1	3.26%	66.66	\$2,896	\$75,588	67.60	\$2,989	\$78,013
4349 Director of Real Estate, Tax Collector	1	6.00%	64.30	\$2,557	\$68,738	65.60	\$2,711	\$70,767
4368 Director, Bureau of Delinquent Revenue	1	5.00%	67.20	\$2,946	\$78,891	68.20	\$3,093	\$80,727
5104 Public Bldgs Maint & Repair Superintendent	1	5.00%	72.40	\$3,789	\$99,164	73.40	\$3,989	\$104,113
5131 Bureau Chief, DPW	2	2.00%	75.80	\$4,484	\$117,032	76.20	\$4,670	\$118,277
5138 Superintendent of Street and Sewer Repair	1	5.00%	72.40	\$3,789	\$99,164	73.40	\$3,989	\$104,113
6158 Division Manager, Suburban Operations	1	12.50%	73.30	\$3,968	\$103,613	75.60	\$4,484	\$117,032
6162 Water Purification Division Manager	1	10.00%	73.90	\$4,082	\$100,640	75.90	\$4,600	\$117,450
6170 Street Cleaning & Planting Superintendent	1	6.00%	72.40	\$3,700	\$98,164	73.40	\$3,989	\$104,113
6212 Principal Engineer	19	4.50%	74.10	\$4,128	\$107,741	76.00	\$4,311	\$112,517
9367 Maritime Operations Manager	1	7.00%	64.20	\$2,545	\$66,425	66.60	\$2,728	\$71,149
9382 Govt & Public Affairs Manager, Port	1	8.00%	68.90	\$3,189	\$83,494	70.60	\$3,460	\$90,300
9380 Senior Property Manager, Port	3	0.76%	67.10	\$2,933	\$78,551	69.05	\$3,226	\$84,100
Total:	42				Subtotal			\$219,833

• Appointment is at Step 3 of the range

Internal Adjustments	Granted 7/1/98
Total:	\$324,281

Year 3 Contract Cap	\$326,000
Balance remaining	\$738

* Reflects only the salary costs for the 18 classifications, excluding the Director of Airports, as compared to the Controller's estimated cost of \$270,800 for both salary and fringe benefits for all 19 classifications, annualized over the three years of the NOU.

City and County of San Francisco



Department of Human Resources

ANDREA R. GOURDINE
HUMAN RESOURCES DIRECTOR

MEMORANDUM

TO: Deborah Newman
Budget Analyst
Board of Supervisors

THROUGH: Geoffrey L. Rothman
Director of Employee Relations
Employee Relations Division

FROM: Janet Bosnich-Seijas
Compensation Manager
Compensation Program/ Employee Relations Division

RE: MEA Internal Adjustments Submission Standards

The MEA Internal Adjustments are based on the standards set forth below:

1. The basic wage for the classification is below the prevailing wage level in the relevant labor market; as demonstrated by verifiable salary data; and /or
2. There is an ongoing and demonstrable recruitment and/or retention problem; and/or
3. Traditional salary relationships, which continue to be justified, have been substantially altered; and/or
4. Either the duties, responsibilities, and/or minimum requirements for a classification have been altered significantly as reflected in either the class description or the most recent exam announcement.

<u>Class Title</u>	<u>Standard(s) Used</u>
1120 Director of Animal Care	1
1125 Division Manager, Registrar of Voters	1, 2, 4
1132 County Clerk/Recorder	4
1682 Controller	1
1843 Exec Dir., SE Community Facility Commission	3,4
2925 Chief, Medical Social Services	1,4
4349 Director of Real Estate, Tax Collector	1,3,4
4368 Director, Bureau of Delinquent Revenue	1,3,4
5104 Public Bldgs Maint. & Repair Superintendent	3
5131 Bureau Chief, DPW	3
5136 Superintendent of Street and Sewer Repair	3
5156 Division Manager, Suburban Operations	1,4
5162 Water Purification Division Manager	1,4
5170 Street Cleaning & Planting Superintendent	3
5212 Principal Engineer	3
9357 Maritime Operations Manager	1,3,4
9382 Govt. & Public Affairs Manager, Port	1,4
9386 Senior Property Manager, Port	1,2,3,4



November 19, 1998

Ms. Gloria L. Young, Clerk of the Board
Board of Supervisors
401 Van Ness Avenue
San Francisco, CA 94102

RE: Municipal Executives Association MOU, File No. 98-1876

Dear Mr. Taylor:

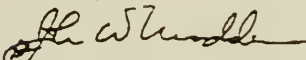
In accordance with Ordinance 92-94, I am submitting a cost analysis of an amendment to the Memorandum of Understanding between the City and County of San Francisco and the Municipal Executives Association. The agreement covers the period July 1, 1998 through June 30, 2001, and affects approximately 43 employees with a salary base of approximately \$3.9 million.

Based on our analysis, the agreement will result in estimated incremental costs of approximately \$259,000 in FY 1998-99, \$5,800 in FY 1999-00, and \$6,000 in FY 2000-01. The agreement will result in a cost increase above the base salary amount of approximately 6.48% in FY 1998-99.

Please note that the total dollar amount for the internal adjustments implemented by this amendment was provided for in the Municipal Executives Association MOU as it was approved by the Board of Supervisors in June of this year. The amounts listed above were contained in the cost analysis provided by the Controller at that time (letter of June 5, 1998), and have been anticipated in our projections.

If you have any additional questions or concerns please contact John Madden at 554-7500.

Sincerely,


Edward M. Harrington
Controller

cc: Vicki Rambo, ERD
Harvey Rose, Budget Analyst

Item 16 – File 98-1874

Department: Juvenile Probation

Item: Ordinance appropriating \$607,007 of Federal Temporary Assistance to Needy Families for temporary salaries, training, professional services, materials and supplies, facilities maintenance and repairs, equipment and services of other departments for the Juvenile Probation Department's Log Cabin Ranch, and placing \$126,845 on reserve.

Amount: \$607,007

Source of Funds:	\$184,548	Federal Temporary Assistance to Needy Families – Ranch (TANF) funds, FY 1997-98
	<u>422,459</u>	State AB 1483 grant funds, FY 1996-97
	\$607,007	Total

Description: The Juvenile Probation Department's Log Cabin Ranch, located approximately 60 miles south of the City near the town of La Honda, is a detention facility for male juveniles between the ages of 14 to 18. Log Cabin Ranch currently serves an average of 45 juveniles who are referred to the facility through the court system. The facility has a maximum capacity of 84 male juveniles.

This proposed supplemental appropriation request in the total amount of \$607,007, includes \$184,548 in new TANF Ranch funds and \$422,459 in remaining FY 1996-97 State AB 1483 funds. Effective FY 1997-98, all State AB 1483 funds were discontinued and are replaced by TANF Ranch funds. TANF Ranch funds are allocated to the City through the State Department of Social Services. Both of these funding sources are restricted to funding expenditures at the Juvenile Probation Department's Log Cabin Ranch only.

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Budget: The budget for the requested supplemental appropriation of \$606,007 is as follows:

Temporary Salaries **\$25,000**

The Department is requesting one 1426 Senior Clerk Typist to work full time for the period December 26, 1998 through June 30, 1999, approximately 1,120 hours, at a Step 1 salary of approximately \$15.88 per hour, for a total of \$17,786. This full-time temporary worker would provide support to the Log Cabin Director managing the facility on a day-to-day basis. The Director does not currently have dedicated clerical staff and according to Mr. Lopatin, as a result, the Director diverts time that would otherwise be focused on programs, staff development, planning, and resolving problems. Additionally, a second 1426 Senior Clerk Typist is requested to work 454 hours, for a total of \$7,214 (rounded) to assist the Director in preparing administrative files as required for a full accreditation review of the division by the American Correctional Association in 1999.

Professional Services - Continuing¹ **\$65,598**

Conflict Mediation (formerly Omega) **\$8,000**

Provides mediation for detained juveniles who come from various communities and have conflicts with each other. One instructor x 4 hours per week x 50 weeks at \$35 per hour = \$7,000 plus mileage reimbursement at \$.020 per mile x 100 miles per week x 50 weeks = \$1,000.

According to Mr. Lopatin, Conflict Mediation contract services have been provided since July 1, 1998 and funded with monies from the Department's approved FY 1998-99 budget for Professional and Specialized Services account. However, such monies had not been appropriated for Conflict Mediation services. Approval of this subject supplemental appropriation would provide the funds to reimburse the Department's budget for such payments and to fund the contract through June 30, 1999.

¹ Continuing contracts have a term of July 1, 1998 through June 30, 1999.

Carpentry

\$57,598

Teaches residents basic carpentry while repairing the lobby walls, dry rot around the deck, steps and doors, and painting the interior and exterior of the Log Cabin. Two instructors x 10 hours per week x 50 weeks x \$35 per hour = \$35,000. Mileage reimbursement for two instructors at \$0.20 per mile x 500 miles per week x 50 weeks = \$5,000. Materials and supplies totaling \$17,508 (\$10,098 for lumber, \$3,500 doors and windows, \$2,800 flooring, \$1,200 nails and hardware).

According to Mr. Lopatin, contracted instructors have been providing the Carpentry Program since July 1, 1998 and the Department has paid the instructors with carryover funds and monies approved in the FY 1998-99 budget for Professional and Specialized Services. However, such funds had not been appropriated for the Carpentry contractors. Approval of this subject supplemental appropriation would provide the Department with the funds needed to reimburse the Department's budget for such payments and to fund the Carpentry Program contract through June 30, 1999.

Professional Services - New²

\$293,095

Aftercare Services

\$99,000

This program would provide Log Cabin residents with a spectrum of services to ease their return to their communities including (1) family counseling, (2) assistance in staying in school, (3) job preparedness, (4) health and mental health services, (5) mentoring and other related services which will assist the youth and his family. Aftercare Services are provided by the San Francisco League of Urban Gardeners. One instructor x 32 hours per week x 50 weeks at \$20 per hour = \$32,000; one instructor 20 hours per week x 50 weeks at \$17 per hour = \$17,000; benefits for both instructors at 21% = \$10,290, mileage reimbursement at \$0.20 per mile x 150 miles per week x 50 weeks = \$1,500; materials and

² New Program contracts are for a 12 month period (50 weeks) beginning upon approval of this supplemental appropriation, expected to be January 1, 1999 through December 31, 1999, except for the Barber Training and the GED Tutorial programs, which are just 36 weeks and will commence upon approval of this supplemental appropriation.

supplies at \$2,000; plus Youth stipends at \$7 per hour plus fringe benefits = \$36,210.

Barber Training \$12,300

The Barber Training course will teach interested residents hair cutting and styling techniques that will prepare them to take the State of California Barber's examination. One instructor for 36 weeks for 8 hours per week at \$35 per hour = \$10,080 plus equipment costs of \$1,500 plus mileage reimbursement at \$.0.20 per mile x 100 miles per week x 36 weeks = \$720.

Gang Mediation \$8,000

To provide mediation for gang members and to provide juveniles with alternatives to gang life. One instructor for 50 weeks for 4 hours per week at \$35 per hour = \$7,000 plus mileage reimbursement at \$.0.20 per mile x 100 miles per week x 50 weeks = \$1,000.

General Equivalency Diploma Tutorial \$15,295

To provide tutoring and study materials to juveniles who qualify to take the GED test. One GED instructor for 36 weeks for 8 hours per week at \$35 per week = \$10,080 plus testing fees for 20 juveniles and administrative costs at \$3,215 plus study materials for 20 juveniles at \$2,000.

Health Education \$4,500

Teaches residents important components of sexually transmitted diseases, prevention, treatment and lifestyles, as well as hygiene and nutrition for health. One instructor x 2 hours per week x 50 weeks at \$35 per hour = \$3,500 plus mileage reimbursement at \$.0.20 per mile x 100 miles per week x 50 weeks = \$1,000.

Landscaping \$5,950

Teaches basic skills in plant growth, landscaping and land beautification for residential and commercial projects through planting the entry road to the Log Cabin, around various ranch buildings and in the greenhouse. Instruction provided at no cost by the San Francisco League of Urban Gardeners. Materials and supplies total \$5,950.

Learning Disability Tutorial \$18,000

To provide specialized tutoring for individual juveniles identified with academic learning disabilities. One Credential Learning Specialist instructor for 50 weeks for 8 hours per week at \$35 per hour = \$14,000 plus mileage

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reimbursement at \$.0.20 per mile x 400 miles per week x 50 weeks = \$4,000.

Outward Bound \$76,450

To teach an understanding of the environment and give delinquent juveniles opportunity to re-direct physical, social and emotional energies into exercises that develop self discipline, confidence, moral reasoning and leadership. Two instructors x 50 weeks x 4 hours per week at \$35 per hour = \$14,000, materials, equipment and installation = \$53,090, staff training = \$8,360, and mileage reimbursement at \$.0.20 per mile x 100 miles per week x 50 weeks = \$1,000.

Photography \$40,000

Teaches residents the basic skills necessary for entry level position in the photography industry. Two instructors x 16 hours per week x 50 weeks x \$35 per hour = \$28,000, plus materials and film at \$11,000 and mileage reimbursement at \$.0.20 per mile x 100 miles per week x 50 weeks = \$1,000.

Social Skills \$4,500

Teaches residents independent living skills and builds self esteem. One instructor x 2 hours per week x 50 weeks at \$35 per hour = \$3,500 plus mileage reimbursement at \$.0.20 per mile x 100 miles per week x 50 weeks = \$1,000.

Evaluation of Program Services \$5,600

Currently, there is no internal method at the Department to determine the effectiveness of programs and services at Log Cabin Ranch. An evaluation by the Council of Juvenile Correctional Administrators would determine if the Ranch programs and services are effective for treating and reforming juvenile delinquents. Flat fee.

Follow up Evaluation of Log Cabin Youth \$3,500

A re-evaluation of the juveniles one year after they have been released from the Ranch programs to determine self sufficiency and sustainability, to be performed by the Council of Juvenile Correctional Administrators. Flat fee.

Training **\$18,800**

Training for Counselors and Managers *\$9,800*

To provide specialized training for all professional Log Cabin staff which would be focused on improving staff ability to address the needs and problems related to juvenile delinquency:

Conflict Resolution	\$750
Anger Management	800
Counseling Techniques	1,200
Managing Juvenile Facilities	600
Train the Trainer	3,000
Case Mgmt Services	2,500
Report Writing	500
Recreational/Therapeutic	
Activities for Juveniles	<u>450</u>
	\$9,800

ACA Training *\$9,000*

The American Correctional Association (ACA) would provide a team of Correctional professionals to the Log Cabin Ranch to help staff develop the tools and strategies to meet the ACA requirements and standards. \$9,000 flat fee. See Comment No. 5.

Materials and Supplies **\$19,158**

Tables and Chairs *\$13,690*

Additional furniture is needed to seat juveniles and staff during meals, recreational activities, counseling sessions and group session as well as for visitors during special events. Office furniture is also needed for clerical staff, managers, and administrators.

10 Tables at \$670 each	\$6,700
10 Desk chairs at \$299 each	\$2,990
50 Stacking chairs at \$80 each	\$4,000

Miscellaneous materials and supplies *\$5,468*

Fuel, batteries, food and other miscellaneous items for use in case of emergency, such as winter storms, when other supplies are exhausted and ordinary purchasing procedures are not appropriate.

Facilities Maintenance and Repairs **\$75,490**

Tree Removal **\$16,300**

To remove six trees and the roots which have caused major damage to the playground and dormitory walkway and created a severe trip hazard. Cited by the Department of Public Health (DPH) for this safety violation.

Resurface Playground **\$17,950**

Mr. Lopatin reports that the Log Cabin playground, which is required by State law, is severely damaged with cracks, holes, and uneven surface. The Department requests funding to resurface the playground in order to prevent injuries.

Resurface Parking Lot **\$14,540**

Mr. Lopatin reports that the Log Cabin parking lot sustained severe damage during the heavy winter rains in FY 1997-98 and as a result, the parking lot has potholes that have damaged vehicles.

Fire Alarm System **\$18,700**

The Department requests \$16,200 to connect the Fire Alarm System to the local Fire Department and \$2,500 to upgrade the fire announcing system in order to be compliant with local, county and State Fire Codes.

Shower Partitions **\$8,000**

The Department requests \$6,500 for the purchase of Privacy Stalls for the shower room and \$1,500 for the installation of such stalls in order to provide privacy during shower times while still allowing for staff supervision.

Equipment **\$81,495**

Two 15-passenger vans **\$52,000**

Currently, the Ranch has three passenger vans with a total capacity of 34 passengers. The Department requests funding for two additional vans in order to meet the State Board of Corrections mandate that the Log Cabin Ranch have a sufficient number of vehicles to safely evacuate juveniles in a disaster situation. The average number of juveniles at Log Cabin is 45.

One four-wheel drive vehicle *\$18,000*

The Department requests a four-wheel drive vehicle in order to navigate the 650 acres of mountainous terrain on which the Ranch is located. Staff need to move supplies and heavy equipment as well as monitor the property for security purposes. Currently, Log Cabin staff share a pick up truck with the Youth Guidance Center which is available two days a week and is unable to traverse all the property areas.

Dishwasher *\$11,495*

The dishwasher at the Ranch is unable to provide water at a temperature of at least 180 degrees Fahrenheit for the last two years and the Ranch has been cited each of the last two annual inspections by the Department of Public Health for failure to sterilize utensils, dishes, pots and pans. The Department reports vendor quotes of \$9,995 for dishwasher and \$1,500 for installation.

Services of Other Departments \$28,371

The Department requests the service of a 2305 Psychiatric Technician from the Department of Public Health, Mental Health Services, working approximately half-time (0.56 FTE) providing medical and psychiatric counseling to juveniles evenings, weekends, and holidays when regularly assigned Public Health Staff is not available.

Comments:

1. According to Mr. Ed Lopatin of the Juvenile Probation Department, the \$422,459 in State AB 1483 funds was not included in the Department's FY 1998-99 budget, as in years past. Mr. Lopatin reports that since the inception of State AB 1483 funds, a supplemental appropriation has been used to appropriate the subject grant funds.

2. Mr. Lopatin reports that the \$184,548 in TANF Ranch funds represents approximately half the total amount of TANF Ranch funds to be allocated by the State to the Log Cabin Ranch. The remaining balance is to be allocated through a supplemental appropriation, expected to be presented for consideration to the Board of Supervisors in the Spring of FY 1998-99.

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3. This proposed ordinance would reserve \$126,845 of the \$184,548 in TANF funds, pending selection of contractors and submission of contract expenditure details. However, according to Mr. Lopatin, since this legislation was drafted, the Juvenile Probation Department has identified contractors and expenditure details for all the new and continuing contractors, *except* the instructors for Social Skills and Health Education, totaling \$9,000, as shown in Attachment 1, provided by Mr. Lopatin. However, Mr. Johnny Miller, Director of the Log Cabin, stated that he expects to identify instructors for the Social Skills and Health Education programs in December and to start the programs in January as planned. As such, this proposed legislation should be amended to delete reference to the reserve of \$126,845.

Mr. Lopatin reports that all of the contractors were selected on a sole-source basis due to the unique requirements and special expertise required to serve the Log Cabin needs.

4. According to Mr. Lopatin, the \$9,100 (\$5,600 plus \$3,500) requested for Program Evaluation and Follow up Evaluation of Log Cabin Youth by the Council of Juvenile Correctional Administrators (CJCA) would compliment the requested \$9,000 in ACA Training. The comprehensive analysis and objective recommendations that would result from such consultant services would enable Log Cabin staff to better prepare and meet the standards for an accreditation review, as well as improve the overall service delivery to juveniles at Log Cabin Ranch, according to Mr. Lopatin.

5. The proposed budget includes \$25,000 for Temporary Salaries. The Budget Analyst has reviewed source documentation provided as a basis for such expenditure. As noted above, the \$25,000 would fund one 1426 Senior Clerk Typist to work full time for the period December 26, 1998 through June 30, 1998, approximately 1,120 hours, at a Step 1 salary of approximately \$15.88 per hour, for a total of \$17,786, and a second 1426 Senior Clerk Typist to work 454 hours, for a total of \$7,214 (rounded). The Department's FY 1998-99 Temporary Salaries budget for

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Log Cabin Ranch previously approved by the Board of Supervisors is \$126,387. Mr. Lopatin reports that such Temporary Salaries are intended for as-needed counselors and engineers to perform repair work at the ranch, and that the 1426 Senior Clerk Typists are needed to provide administrative support for the Ranch's effort to achieve accreditation in Spring of FY 1998-99.

Based on the lack of adequate justification for \$25,000 in a Temporary Salaries, the Budget Analyst has concluded that one 1426 Senior Clerk Typist working full time during the period January 1, 1998 through June 30, 1999 (or 1044 hours) is sufficient to meet the Director's administrative needs. We therefore recommend that the budget for Temporary Salaries be reduced from \$25,000 to \$16,579, at a savings of \$8,421. By reducing this request, the \$8,421 in TANF Ranch funds could be appropriated by the Juvenile Probation Department for other needed eligible Log Cabin expenditures, which may be requested by the Juvenile Probation Department.

6. This proposed request includes \$52,000 in the Equipment budget for two, 15-passenger vans, based on a reported State requirement that the Ranch have sufficient van capacity to evacuate all Ranch juveniles. As noted above, the average occupancy at Log Cabin Ranch is 45 juveniles. Currently, the Ranch has three passenger vans with a total capacity of 34 passengers. Therefore, if the Ranch had one additional 15-passenger van, the total van capacity would be 49 passengers, which would provide sufficient capacity to evacuate all juveniles. The Department was unable to provide the Budget Analyst with adequate justification for a second passenger van. As such, we recommend reducing the Equipment budget by \$26,000, from \$52,000 to \$26,000. Such funds could be appropriated for other needed eligible expenditures for Log Cabin Ranch, which may be requested by the Juvenile Probation Department.

7. As noted in the Budget Section above under Professional Services – Continuing, the Department incurred an obligation prior to obtaining Board of Supervisors approval to fund the Conflict Mediation Program and the contracted vendors for the Carpentry

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Program. As explained in Attachment 2, provided by Ms. Sandy Brown-Richardson of the Juvenile Probation Department, obligations in the total amount of \$24,925 were incurred prior to this supplemental appropriation request. General Fund monies in the Department's budget were used for such expenditures of \$24,925 and this subject request for grant funds would now be used to reimburse the Department.

Recommendations:

1. In accordance with Comment No. 3, amend the proposed ordinance to delete reference to placing \$126,845 on reserve.
2. In accordance with Comment No. 5, amend the proposed ordinance to reduce the request for Temporary Salaries by \$8,421, from \$25,000 to \$16,579.
3. In accordance with Comment No. 6, amend the proposed ordinance to reduce the request for Equipment by \$26,000, from \$52,000 to \$26,000.

The total request should therefore be reduced by \$34,421 (\$8,421 plus \$26,000) from \$607,007 to \$572,586.

4. Except for the \$24,925 in expenditures incurred prior to obtaining Board of Supervisors approval, as cited in Comment No. 7, which we consider to be a policy matter for the Board of Supervisors, approve the proposed ordinance, as amended.

FY 1998-99 AB 1483 Proposal

Programs	Amount	Instructor or Organization Name
Aftercare	\$99,000	San Francisco League of Urban Gardeners (SLUG)
Carpentry	57,598	Joe Herbert and Robert Patrick, Carpenters by Trade
Landscaping	5,950	Marco Franciosa/SLUG
Photography	40,000	Karen Hall/Teacher, San Francisco Unified School District and Vicki Rega/Youth for Services
Conflict Mediation	8,000	Jack Jacqua/Omega Boys Club
Social Skills	4,500	Instructor not yet identified
Health Education	4,500	Instructor not yet identified
Outward Bound	76,450	Vision Youthz
Gang Mediation	8,000	Jeff Leiken/National Teacher and Educator
GED Tutorial	15,295	Monica Gorman/Teacher, San Francisco Unified School District
Learning Disability Tutor	18,000	Karen Hall/Teacher, San Francisco Unified School District
Barber Styling	12,300	Bayview Barber College
Evaluation of Program Services	5,600	Council of Juvenile Correction Administrators
Evaluation of Log Cabin Youth	3,500	Council of Juvenile Correction Administrators
Total Professional Services	\$358,693	



**City and County of San Francisco
Juvenile Probation Department**

JESSE E. WILLIAMS, JR.
CHIEF PROBATION OFFICER

To: Taylor Emerson, Budget Analyst Office

From: Sandy Brown-Richardson, ^{SBR}Juvenile Probation Department

Date: November 30, 1998

Re: Supplemental Appropriation Request - AB 1483 and TANF Ranch funds

This memo is being written in response to your request for information regarding the status of the on-going contract program services at Log Cabin Ranch. For FY 1997/98, Log Cabin Ranch paid for, through AB 1483 funds, the following contract services: (1) Aftercare Program, (2) Carpentry Program, (3) Landscaping Program, (4) Photography Program, (5) Conflict Mediation Program (Omega Program), (6) Social Skills Program and (7) Health Education Program.

Of the seven programs noted above, only three have continued to provide services in the current fiscal year. The three programs include the Aftercare Program, the Carpentry Program, and the Conflict Mediation Program (Omega Program). The Aftercare Program's contract, in the amount of \$99,000, is for the period January 1, 1998 to December 31, 1998. The Carpentry and Conflict Mediation Program contracts are for the period, July 1, 1998 to June 30, 1999. The department has incurred expenses against these two contract services. A total of \$11,315 has been paid to Mr. Robert G. Patrick through October, 1998 and a total of \$10,730 has been paid to Mr. Albert J. Herbert through October, 1998 for an overall total of \$22,045 for carpentry services. Additionally, a total of \$2,880 has been expended for conflict mediation services through October, 1998, bringing the overall amount expended thus far for these two program services to \$24,925. The \$24,925 has been charged to general fund monies under Log Cabin Ranch's Professional and Specialized Services account. The \$24,925 in general fund monies will be reimbursed by the AB 1483/TANF Ranch funds that are the source of funds for this request.

If you have in any further questions or desire further information regarding this subject matter, please don't hesitate to contact me. Thank you for your assistance in this matter.

Items 17 and 18– Files 98-1875 and 98-1882

Department: Juvenile Probation

Items: Item 17, File 98-1875: Ordinance appropriating \$412,604 and rescinding \$142,853 from Overhead budget and rescinding \$137,045 from Professional Services to provide funds for Salaries, Fringe Benefits, Equipment, Services of Other Departments and to create one new position for the Juvenile Probation Department.

Item 18, File 98-1882: Ordinance amending Ordinance No. 243-98 (Annual Salary Ordinance FY 1998-99) reflecting the creation of one position for the Juvenile Probation Department.

Amount: \$412,604

Source of Funds:	\$132,706	Federal Temporary Assistance to Needy Families (TANF) funds
	142,853	Previously appropriated funds for Overhead in the Juvenile Probation Department's FY 1998-99 budget
	137,045	Previously appropriated funds for Professional and Specialized Services in the Juvenile Probation Department's FY 1998-99 budget

	\$412,604	Total

Description: Ms. Sandy Brown-Richardson of the Juvenile Probation Department reports that under the Federal Comprehensive Youth Services Act, the Juvenile Probation Department has been allocated, through the State Department of Social Services, \$3,232,706 in Federal TANF funds for FY 1998-99, an increase of \$132,706 over the previously approved amount of \$3,100,000 in the Juvenile Probation Department's FY 1998-99 budget.

This proposed supplemental appropriation ordinance, File 98-1875, would appropriate \$132,706 in new, additional TANF funds for FY 1998-99, and would reappropriate \$142,853 in previously appropriated monies for Overhead and \$137,045 in previously appropriated monies for

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Professional and Specialized Services in the FY 1998-99 budget for the Juvenile Probation Department, for a total supplemental appropriation in the amount of \$412,604.

According to Ms. Brown-Richardson, the \$142,853 in previously appropriated monies for Overhead, which was to have been used for general administrative overhead, is no longer needed for those purposes. The Department's previously appropriated budget included \$466,124 for Overhead, or 15 percent of the \$3,100,000 in TANF funds. Ms. Brown-Richardson reports that subsequent to the FY 1998-99 budget process, the Juvenile Justice Coordinating Council (Council) and the Juvenile Probation Department refined the comprehensive plan for the TANF funds, and reduced the Overhead budget to \$323,271, or 10 percent of the proposed \$3,232,706 in TANF funding, in order to allocate as much money as possible to direct services.

Ms. Brown-Richardson reports that \$137,045 in previously appropriated funds in the Professional and Specialized Services budget, which was to have been used to fund contracts with Beacon Centers, which are nonprofit agencies that provide a range of social services to at-risk youth, are no longer needed because the contracts with the Beacon Centers will now be administered through the Mayor's Office of Children Youth and Families. As such, this legislation would reappropriate this \$137,045 for workorder funds to Services of Other Departments - Mayor's Office of Children, Youth and Families.

The proposed ordinance, File 98-1882, would amend the FY 1998-99 Annual Salary Ordinance by creating one new Special Assistant XIII position to serve as Community Coordinator as follows:

<u>FTE</u>	<u>Class</u>	<u>Title</u>	Biweekly	Biweekly
			Annual Salary	Annual Salary
			<u>Step 1</u>	<u>Step 5</u>
1	1372	Special Assistant XIII*	\$2,395-\$62,510	\$2,910-\$75,951

* See Comment No. 2

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The annual cost of the requested new Special Assistant XIII position would range from \$80,013 at Step 1, including \$62,510 in Salary and \$17,503 in Fringe Benefits to \$97,217 at Step 5, including \$75,951 in Salary and \$21,266 in Fringe Benefits.

Budget: The requested budget of \$412,604 for the period July 1, 1998 through June 30, 1999 is as follows (see Comment No. 4):

\$44,955	Permanent Salaries
12,527	Fringe Benefits
25,122	Computer Equipment
300,000	Services of Other Depts – Mayor’s Office of Children, Youth and Families
6,000	Services of Other Depts – Mayor’s Youthworks
<u>24,000</u>	Services of Other Depts – Adult Probation
\$412,604	Total

Attachment 1, provided by Ms. Brown-Richardson, contains the budget details for this \$412,604 request.

Comments:

1. File 98-1875 would appropriate \$44,955 in Permanent Salaries and \$12,527 in fringe benefits, assuming a start date for the proposed Special Assistant XIII of October 1, 1998. However, Ms. Brown-Richardson reports that no candidate has been identified yet and the earliest date that an appointment could be made is January 1, 1999. Therefore, funding for salaries should be reduced by \$14,985, from \$44,955 to \$29,970, and funding for Fringe Benefits should be reduced by \$4,176, from \$12,527 to \$8,351, for a total reduction of \$19,161.
2. This proposed ordinance would appropriate \$25,122 to the purchase of computer equipment, including six personal computers at a cost of \$2,755 each. Based on support information provided by the Department, the cost of each of the requested computers should be reduced by \$655, from \$2,755 to \$2,100, for a total reduction to the Equipment budget of \$3,930, from \$25,122 to \$21,192.
3. File 98-1875 would amend the Annual Salary Ordinance to create a new Special Assistant XVIII in the

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Juvenile Probation Department, which is in error. The correct classification for the proposed new position is Special Assistant XIII. As such, the legislation should be amended to show the correct classification of Special Assistant XIII for the requested new position.

4. The requested new Special Assistant XIII position, which Ms. Brown-Richardson reports is needed to coordinate the expanded number of CBO contracts, should be designated a Limited Tenure position. As a Limited Tenure position, the Special Assistant XIII position would be contingent on the Juvenile Probation Department continuing to receive TANF grant monies in order to fund the position.

5. Attachment 2, provided by Ms. Brown-Richardson, describes in detail the responsibilities of the proposed new position, which will be assigned to the Department's Community Services Division. According to the Juvenile Probation Department, this position will primarily serve as liaison/coordinator between the Department, community representatives, families, private/governmental agencies, and the community-based organizations serving as contractors. According to Ms. Brown-Richardson, currently the Director of Community Services provides such services on a limited basis. Ms. Brown-Richardson reports that this proposed new position is needed now because the number of CBO contracts will at least double in FY 1998-99, due to increased TANF funding, and a full time staff member is needed to effectively coordinate the expanded contract services.

Recommendations:

1. In accordance with Comment No. 1, amend the ordinance (File 98-1875) to reduce the request for Permanent Salaries by \$14,985, from \$44,955 to 29,970, and reduce the request for Fringe Benefits by \$4,176, from \$12,527 to \$8,351. The reduction should be made from the \$142,853 in Overhead funds, which are General Fund monies.

2. In accordance with Comment No. 2 above, amend the ordinance (File 98-1875) to reduce the request for Equipment by \$3,930, from \$25,122 to \$21,192. The

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reduction should be made from the \$142,853 in Overhead funds, which are General Fund monies.

Therefore, the total request of \$412,604 (File 98-1875) should be reduced by \$23,091 to \$389,513.

3. In accordance with Comment No. 3 above, amend the proposed amendment to the Annual Salary Ordinance, (File 98-1882), to reflect the correct classification for the proposed new position as a Special Assistant XIII, and not a Special Assistant XVIII.

4. In accordance with Comment No. 4, amend the ordinance (File 98-1882) to make the requested new position a Limited Tenure position.

5. Approve the proposed ordinance as amended (File 98-1875), and approve the proposed amendment to the Annual Salary Appropriation, as amended (File 98-1882).

**PROPOSED SUPPLEMENTAL APPROPRIATION REQUEST
Temporary Assistance to Needy Families (TANF) Funds**

SOURCE OF FUNDS
TANF Funds

	Current Budgeted Amount	Proposed Budget	Supplemental Appropriation Request
<u>Permanent Salaries</u>			
1 - Special Assistant XIII (9 months) (Community Coordinator)	\$0	\$44,955	\$44,955
Fringe Benefits	<u>0</u>	<u>12,527</u>	<u>12,527</u>
Subtotal - Special Assistant	\$0	\$57,482	\$57,482
9 - Probation Officer	\$312,174	\$312,174	
Fringe Benefits	<u>83,090</u>	<u>83,090</u>	
Subtotal- Probation Officer	\$395,264	\$395,264	
<u>Overhead</u>	\$466,124	\$323,271	
<u>Professional and Spec. Services</u>	\$2,238,612	\$2,101,567	
<u>Equipment</u>			
6 - Personal Computers @ \$2,755 ea.	\$0	\$16,530	\$16,530
6 - Monitors @ \$350 ea.	0	2,100	2,100
4 - Printers @ 1,623 ea.	<u>0</u>	<u>6,492</u>	<u>6,492</u>
Subtotal - Equipment	\$0	\$25,122	\$25,122
<u>Services of Other Departments</u>			
Mayor's Office of Children Youth and their Families (MOCYF) - Beacon Centers (provide support services such as counseling and referral to youth and their families) - funds to be used for start-up costs for three new centers - \$100,000 ea.	0	\$300,000	\$300,000
MOCYF - Youthworks - Intern program for youth at risk - three interns @ \$2,000 ea. (total annual cost per intern is \$4,000 - MOCYF pays for the \$2,000 balance per intern	0	6,000	6,000

Attachment 1

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Adult Probation - Domestic Violence Program -**Services are provided by Adult Probation****Officer staff of the Domestic Violence Unit****(an average of \$23.00 per/hr. x 1,043 hrs.) =****\$23,989****0****24,000****24,000****Subtotal - Svcs. of Othr. Depts.****\$0****\$330,000****\$330,000****Total****\$3,100,000****\$3,232,706****\$412,604**

Special Assistant XIII (Community Coordinator)**Why position is needed at this time:**

The department's budget currently includes approximately \$1.3 million (general funds) for 14 community based organization (CBO) contracts. Historically, the Director of Community Services has served, on a limited basis, as the primary liaison/coordinator between the department, community representatives, families, private/governmental agencies and the CBOs. Such coordination is important in order to ensure the best possible service outcomes and to address concerns.

Under the TANF expenditure plan for FY 1998/99, an additional approximately 1.3 million has been designated for CBO contracts. The Department anticipates that the number of CBO contracts will at least double as a result of this funding. In order for the department to provide effective coordination of these expanded contract services an additional position is needed.

Duties of the Community Coordinator

This position, which will be assigned to the Community Services division, will primarily serve as a liaison/coordinator between the department, community representatives, families, private/governmental agencies, and the CBO contractors. Additional duties will include (1) assisting with the development of Request for Proposals, (2) assisting in the development of the division budget, and (3) assisting in the division's planning.

Item 19 – File 98-1926

Department: Mayor's Office of Public Finance
Emergency Communications Department

Item: Resolution approving the issuance of Lease Revenue Bonds of the City and County of San Francisco Finance Corporation (Corporation); approving the execution and delivery of a First Amendment to the Site Lease Agreement between the City and County of San Francisco, as lessor, and the Corporation, as lessee, relating to certain Police and Fire facilities in the City; approving the execution and delivery of a First Amendment to the Lease and Option to Purchase Agreement between the Corporation, as lessor, and the City, as lessee, relating to the property; approving the execution and delivery of a First Supplemental Indenture of Trust among the Corporation, the City and the Trustee; approving the execution and delivery of a Continuing Disclosure Certificate relating to said bonds; ratifying previous actions taken in connection with the foregoing matters; adopting findings under the California Environmental Quality Act and findings pursuant to City Planning Code Section 101.1; and authorizing the taking of appropriate actions in connection therewith.

Amount: Not to exceed \$18,750,000 in principal

Source of Funds: San Francisco Finance Corporation Lease Revenue Bonds

Description: In November of 1993, voters approved the issuance of \$50 million in bonds to finance the acquisition, construction and installation of an 800 megahertz radio system, now called the Citywide Emergency Radio System (Project). It is expected that the Project will provide uninterrupted, highly reliable communication abilities which will allow the Police, Fire, Paramedics and other City agencies to provide enhanced delivery of emergency services in the event of an emergency or natural disaster. Furthermore, the purchase and construction of certain facilities and equipment, such as antenna towers, microwave transmitters, fiber optic cabling, and hand-held radios, to be funded by the issuance of these subject bonds are

necessary to make the 911 Combined Emergency Communications Center operational.

The San Francisco Finance Corporation (Corporation) is a nonprofit benefit corporation formed, among other purposes, to facilitate lease financing for the City. In January of 1998, the initial series of Corporation Lease Revenue Bonds, Series 1998-I, were issued. The bond proceeds, which totaled \$31,250,000, financed Phase I of the Project. A budget for Phase I, provided by the Emergency Communications Department, is included in Attachment 1.

This proposed resolution would authorize the issuance and sale of SFFC Lease Revenue Bonds, Series 1999-I, in a principal amount not to exceed \$18,750,000, to provide funding for Phase II of the Project. A budget for Phase II, provided by the Emergency Communications Department, is also included in Attachment 1.

As shown in Attachment 1, Series 1999-I bond proceeds would finance Phase II of the Project, including the purchase of approximately 4,358 Motorola mobile and desktop radio units and accessories, and related programming, installation, testing and user training. Phase II also includes the installation of a fiber optic Metropolitan Area Network to interconnect the main antenna site with the dispatch center and downtown antenna sites.

Approval of the subject resolution would also authorize the lease by the City to the Corporation, and leaseback to the City of the following District Police and Fire Station facilities:

<u>Property</u>	<u>Address</u>	<u>Department</u>
Bayview Station	201 Williams Avenue	Police
Mission Station	630 Valencia Street	Police
Taraval Station	2345 24 th Avenue	Police
Fire Station No. 24	100 Hoffman Street	Fire
Fire Station No. 31	441 12 th Avenue	Fire

Pursuant to the First Amendment to the Site Lease, by and between the City, as lessor, and the Corporation, as

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lessee, the City would lease the five facilities identified above to the Corporation, for a maximum term not to exceed 30 years from the date of commencement thereof, at a total rent of \$1. Pursuant to the First Amendment to the Lease, the City will lease back the facilities for a maximum term not to exceed 30 years and at a maximum annual base rent of not to exceed \$2,150,000 (see Comment No. 5). The Corporation would use the rental payments to pay for the debt service on the subject Lease Revenue Bonds, Series 1999-I. According to Ms. Lisa Marie Harris of the Emergency Communication Department, the source of funding for the rental payments is the General Fund. Ms. Harris reports that the first scheduled debt payment is estimated to be in April of 2000.

According to Ms. Laura Opsahl of the Mayor's Office of Public Finance, the subject asset transfer is a commonly used method for public finance and is structured the same as the asset transfer for the previously authorized SFFC Lease Revenue Bonds, Series 1998-I. Ms. Opsahl notes that due to the fact that the Citywide Emergency Radio System is highly customized and the equipment may be difficult to re-let in the event that the City failed to meet its payment obligation, real property is used as collateral for the bonds, rather than the equipment itself.

Comments:

1. Ms. Opsahl anticipates an approximate sale date for the proposed Series 1999-I Lease Revenue Bonds of January 13, 1999.
2. The Office of Environmental Review, in the Department of City Planning, has conducted the appropriate environmental review under the California Environmental Quality Act (CEQA) and the State CEQA Guidelines and has determined that the Project is categorically exempt under Public Resources Code Section 21085 and Guidelines Section 15301-15303. The Department of City Planning has also determined that the Project is consistent with the Eight Priority Policies under Planning Code Section 101.0.
3. According to Ms. Harris, the total estimated project costs for the Citywide Emergency Radio System is

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\$58,066,100, including the radio equipment, radio administration, and financing costs. Ms. Harris notes that the total estimated project costs for the E-911 Project is \$166,370,823, including the Citywide Emergency Radio System costs of \$58,066,100. Funding sources include the subject Lease Revenue Bonds, previously issued Lease Revenue Bonds, Emergency 911 Response Fee revenues and related interest earnings, grants, and General Fund revenues. See Attachment 2 for total E-911 Project costs and funding sources. Ms. Harris reports that the 911 Center and related Citywide Emergency Radio System are expected to be fully operational by December of 1999.

4. Under the proposed resolution, the annual interest rate of the bonds could not exceed 12 percent. However, Ms. Opsahl reports that if the bonds were sold November 25, 1998, the bonds would be sold with an estimated overall effective interest rate of 4.603 percent and would have an estimated average interest rate of 4.48 over the estimated 14-year term of the bonds.

5. The requested maximum bond authorization is \$18,750,000. However, Ms. Opsahl reports that under current market conditions, it is anticipated that \$18,620,000 of these subject bonds will actually be issued. Ms. Opsahl estimates that with a 14-year term for the bonds and assuming an average interest rate of approximately 4.48 percent, the proposed sale of bonds in the amount of \$18,620,000 would result in interest costs of approximately \$7,057,806 over the 14-year life of the bonds. Over the 14-year period, the total principal and interest costs of \$25,667,806 would result in an average annual debt service of approximately \$1,800,000. Ms. Opsahl reports that debt service is estimated to be substantially level over the term of the Bonds.

6. Approval of this proposed resolution would authorize the sale of up to \$18,750,000 in Lease Revenue bonds. In FY 1998-99, the Board of Supervisors approved the appropriation of \$13,808,365 in the Emergency Communication Department's budget, in anticipation of the sale of these bonds. Expenditure of the remaining bond proceeds, approximately \$4,941,635, will be subject

to subsequent appropriation approval by the Board of Supervisors.

However, approval of this proposed resolution would authorize the expenditure of a portion of the Bond proceeds for costs of issuance, not to exceed \$280,000, including workorders in the amounts of an estimated \$30,000 to the City Attorney's Office, \$30,000 to the Mayor's Office of Public Finance and Legislative Affairs, \$20,000 to the Controller's Office and the balance of \$200,000 to financial advisers, bond counsel, bond trustee, rating agencies, financial printers, advertisers and property insurers.

Recommendation: Approve the proposed resolution.

Attachment 1

800 MHz Project Phase I	
Project Equipment	Costs
Construction Upgrades to Transmission Sit	5,445,508
Fixed Network Equipment	11,226,859
Wireless Data Network	1,280,988
Portable and Mobile Test Equipment	833,281
Dispatch Equipment	1,940,863
Construction Management/Engin	3,992,344
Installation	2,424,587
Training - phase I	441,183
Console Furniture	900,000
Interest Earnings	(702,558)
Original Issue Discount	133,641
Debt Service Fund	2,523,032
Cost of Issuance	804,019 *
Contingency	6,269
Total Phase I Bond Sale	31,249,998

800 MHz Project Phase II	
Project Equipment	Costs
Portable and Mobile Radios GR 1	5,010,897
Portable and Mobile Radios GR 2	7,266,345
Construction Management/Engin	2,350,930
Training - phase II	180,193
Metropolitan Area Network (MAN) (Fiber Network)	1,507,000
Metropolitan Area Network (MAN) (termination equipment)	300,000
Interest Earnings	(306,431)
Debt Service Fund	1,862,000
Cost of Issuance	448,966 *
Contingency	100
Total Phase II Bond Sale	18,620,000

* Cost of Issuance Includes underwriters discount and bond insurance

11/25/98

TOTAL P.01

911 Project Sources and Costs**Attachment 2**

Source		Uses			
		Budget Name	Project Costs	Financing Costs	Total Costs
Prior Fiscal Year GF Transfers	\$23,234,683	Building	\$25,273,403		
911 Fees (\$1 assumption)	\$99,599,057	AIS	\$10,817,752		
911 Interest Earnings	\$5,153,371				
Grants	\$4,880,000	CAD	\$20,872,899		
GF Contributions to Deficits	\$33,503,712	Communications	\$17,207,422		
		Project Management	\$9,926,400		
		Community Mitigation	\$3,031,000		
Total	\$166,370,823				
		Total	\$87,128,876	\$20,125,847	\$107,254,723
		800 MHz Project			
		Radio Administration	\$8,416,100		
		Radio System	\$45,100,958		
		Total	\$53,517,058	\$4,549,042	\$58,066,100
		Total 911 Project Total plus Training	\$140,645,934	\$24,674,889	\$165,320,823 \$1,050,000
					\$166,370,823

Fiscal Year 97-98 Uses and Sources

911 Project Sources		911 Project Costs	
911 Fee Funds	\$15,517,451	Building	\$19,773,000
General Fund	-	Communications	\$10,835,367
Bond Sales	\$54,349,092	AIS	\$2,248,000
Grants (COPS More, Fed)	\$4,880,000	CAD	\$10,171,676
		Community Mitigation	\$500,004
		800 MHZ	\$31,218,496
Total	\$74,746,543	Total	\$74,746,543

Post-it® Fax Note	7671	Date	# of pages
To	Taylor E.	From	Lisa H.
Co./Dept.		Co.	
Phone #		Phone #	
Fax #		Fax #	

Item 20 - File 98-1849

Department: Public Library
Department of Public Works

Item: Supplemental appropriation of \$250,000 of 1988 Public Library Improvement Bond interest earnings for capital improvement projects.

Amount: \$250,000

Source of Funds: 1988 Public Library Improvement Bond interest earnings

Description: The proposed supplemental appropriation of \$250,000 would be used by the Public Library to repair the roof, including the gutter and drain system at the Golden Gate Branch Library. The Golden Gate Branch Library is located at 1801 Green Street.

The source of funds for the proposed supplemental is the interest earnings from the \$109.5 million General Obligation bond issue, approved by the San Francisco voters in 1998, to build a new Main Library and renovate and repair Branch Libraries. To date, these bonds have earned approximately \$16.7 million in interest earnings, of which approximately \$14.6 million has been appropriated, leaving an unappropriated balance of approximately \$2.1 million. The proposed ordinance would appropriate \$250,000 of this \$2.1 million current balance, leaving a remaining unappropriated balance of \$1,850,000.

Budget: Attachment I, provided by the Department of Public Works, contains a budget for the proposed \$250,000 project. As shown in the attached budget, the base construction cost is estimated at \$153,500, plus a contingency of \$18,420, or 12 percent of the \$153,500 amount for a total estimated construction cost of \$171,920. The remaining \$78,080 of the total estimated project costs of \$250,000 are for non-construction costs for DPW to provide architectural, mechanical, structural and construction

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management support for this project and for permit fees. DPW's costs of \$75,622 (\$78,080 less \$2,458 for permit fees) represents 30 percent of the total \$250,000 estimated cost of the project.

Comments:

1. Ms. Tina Olson of DPW reports that a 30 percent fee for DPW to complete the planning, construction document phase and the construction support services is fairly standard for smaller projects, such as this Golden Gate Branch Library roof project.

2. According to Mr. Roger Wong of DPW, the proposed roof repairs at the Golden Gate Branch Library are estimated to cost significantly more than a typical roof repair and replacement project for the following reasons: (1) the Landmarks Preservation Advisory Board has designated the Golden Gate Branch Library, which was built in 1914, as an historically significant building, requiring that all the exterior features be maintained; (2) the Library's roof is currently constructed from the original terra cotta tiles, which are proposed to be removed and replaced after repairs to the roof's substrate, which is the roof's wooden deck structure, are completed and a waterproof membrane system are installed; (3) the Library has four skylights, which need to be replaced; (4) portions of the drainage system, which are also leaking, are embedded in the concrete walls of the building, which will require opening the walls of the Library building to perform the necessary drainage repairs; and (5) the water leaks have loosened lead paint and caused asbestos tiles to break apart, thus necessitating additional lead and asbestos abatement requirements.

3. In addition to the proposed requested supplemental appropriation, it should be noted that \$250,000 of General Fund monies was included in the Public Library's FY 1998-99 budget to repair the roofs at the Merced, Parkside and Anza Branch Libraries. Mr. Rich Walsh, the Director of Building Operations for the Public Library reports that new roofs have been completed at the Merced Branch Library and the Parkside Branch Library, at a cost of approximately \$20,000 each, under the direction of

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the Bureau of Building Repair. According to Mr. Walsh, the roof at the Anza Branch Library is anticipated to be more complicated and expensive to repair, and the work has not yet begun.

4. According to Mr. Victor Talatala of DPW, DPW plans to conduct a competitive bid for the Golden Gate Branch Library roof repairs. However, Mr. Talatala notes that, to date, DPW has not yet advertised for bids on this project. In response to inquiries by the Budget Analyst, Mr. Wong reports that DPW does not have other bids for roof repairs for other Branch Libraries or other buildings that are similar to this project. Furthermore, Mr. Talatala reports that, at this time, the bidding climate is not to DPW's advantage because of the amount of other construction activity currently occurring in the Bay Area and that several of DPW's recent bids were higher than DPW had originally estimated.

Mr. Wong reports that if the construction bids are higher than the \$171,920 estimated by DPW, the Public Library would need to provide additional funds to finance the cost of the new roof and related repairs for the Golden Gate Branch Library. Mr. Wong reports that DPW and the Public Library will have to await the receipt of the bids to determine the exact cost for this project. According to Mr. Walsh, if additional funds are needed for this project, the likely source of funds would be the 1988 Public Library Improvement Bond interest earnings, the same source of funds for this supplemental appropriation. However, any further supplemental appropriation of funds for this purpose would be subject to approval by the Board of Supervisors.

5. According to Mr. Wong, if the proposed supplemental is approved immediately and there are no increases in costs or delays in the bidding process, the work could begin on the Golden Gate Branch Library sometime in February of 1999. Again, assuming no major problems, Mr. Wong estimates that the project would take approximately two months to complete, or by approximately April of 1999. However, Mr. Wong notes that the Golden

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Gate Branch Library plans to remain open most of the time during the construction project, which may result in some delays.

6. Mr. Walsh notes that the Public Library is currently using approximately 30 to 40 buckets in the attic of the Golden Gate Branch Library, to catch water from the leaks in the roof. Mr. Wong reports that since there are already numerous leaks in the building which require immediate attention, DPW is currently obtaining estimates for a temporary roof protection for the Golden Gate Branch Library, during this winter's rains. According to Mr. Wong, it is likely to cost approximately \$5,000 to \$7,000 to provide such a temporary roof protection for the interim period, until the major roof repair project can begin. Mr. Wong reports that DPW would use part of the construction contingency funds of \$18,420 to finance the cost of the temporary roof protection.

7. Given that the Golden Gate Branch Library's roof already has numerous leaks and is in immediate need of repairs, the Budget Analyst recommends approval of the proposed supplemental appropriation of \$250,000. However, it should be noted that if the bids exceed the estimate prepared by DPW, the Public Library and DPW may be required to request an additional supplemental appropriation of funds to complete this project.

Recommendation: Approve the proposed supplemental appropriation ordinance.

CONSTRUCTION

MAIN ROOF (TERRA COTTA)

REPLACE (E) WATERPROOF MEMBRANE W/ (N) SBS SYSTEM, REPAIR (E) ROOF SUBSTRATE. INCLUDES REMOVAL & REINSTALLATION OF (E) TERRA COTTA ROOF TILES.	37 SQS. @ \$2,000/SQ	\$74,000
REPAIR & CLEAN (E) TERRA COTTA GUTTER & LINE W/ (N) VULKEN 801 GUTTER LINING	ALLOW \$15,000	\$15,000
PLUMBING RETROFIT-(N) GUTTER PIPING, (N) PLUMBING AT ATTIC & (N) CONCEALED RWL CONNECT TO (E) STORM DRAIN SYSTEM	ALLOW \$15,000	\$15,000
ALLOWANCE FOR REPLACEMENT OF BROKEN TERRA COTTA ROOF TILES (15% REPLACEMENT)	ALLOW \$6,000	\$6,000
ROOF SHEATHING DRYROT REPAIR	ALLOW \$10,000	\$10,000
MOVING EXPENSE TO DELIVER TERRA COTTA ROOF TILES OFFSITE FOR TEMP. STORAGE & BACK FOR REINSTALLATION. SEE NOTE 3	ALLOW \$2,000	\$2,000
CEIL. & WALL PLASTER DEMO FOR INSTALLATION OF (N) RWL & RESTORATION TO ORIGINAL CONDITION, INCLUDING LOCALIZED ASBESTOS ABATEMENT WORK. SEE NOTE 2.	\$5,000	\$5,000
	SUB TOTAL	\$127,000

LOWER ROOF

REPLACE (E) ROOF WITH (N) SBS SYSTEM ROOF INCLUDING SUBSTRATE REPAIRS, (N) FLASHING, CURBS, ROOF DRAINS & RWL.	7 SQS. @ \$1500/SQ=\$10,500	\$10,500
REPLACE 4 SKYLIGHTS INCL. (N) CURBS & FLASHING. INSTALL (N) WINDOW FLASHING.	ALLOW \$16,000	\$16,000
	SUB TOTAL	\$26,500
	TOTAL	\$153,500
	12% CONST CONTN	\$18,420
	TOTAL CONST COST	\$171,920

SOFT COST

PERMIT FEE	1.8% OF CONST COST	\$2,458
PROGRAMMING & PLANNING		
ARCHITECTURAL		\$7,097
MECHANICAL		\$2,040
STRUCTURAL		\$1,960
		\$11,097
CONSTRUCTION DOCUMENT PHASE		
ARCHITECTURAL		\$17,191
MECHANICAL		\$6,020
STRUCTURAL		\$4,060
BCM-CONTRACT PREP		\$3,500
		\$30,771
CONSTRUCTION SUPPORT SERVICES		
ARCHITECTURAL CONST. ADMIN		\$9,568
MECHANICAL CONST. SUPPORT		\$2,040
STRUCTURAL CONST. SUPPORT		\$1,680
BCM CONSTRUCTION MANAGEMENT		\$20,468
		\$33,756
	TOTAL SOFT COST	\$78,080
	TOTAL PROJECT COST	\$250,000

NOTES:

1. WINDOW PAINT LEAD ABATEMENT NOT INCLUDED.
2. ASBESTOS ABATEMENT LIMITED TO AREA OF RWL CONNECTION TO STORM DRAIN ONLY.
3. TEMPORARY STORAGE LOCATION FOR TERRA COTTA ROOF TILES WILL BE PROVIDED BY SFPL.

**GOLDEN GATE VALLEY LIBRARY ROOF REPAIRS
BOA Fee Breakdown****SCHEDULE A****Programming and Planning Phase**

	Months	Hr/month	Total hr	Rate	Subtotal
Studio Manager	1	4	4	99.25	397
Project Manager	1	16	16	92.40	1,478
Architect	1	40	40	86.00	3,440
Architectural Associate II	1	24	24	74.25	1,782
Total					7,097

SCHEDULE B**Construction Document / Bid Phase**

Studio Manager	1	2	2	99.25	199
Project Manager	1	24	24	92.40	2,218
Architect	1	120	120	86.00	10,320
Architectural Associate II	1	60	60	74.25	4,455
Total					17,191

SCHEDULE C**Construction Support Services**

Studio Manager	3	2	6	99.25	596
Project Manager	3	8	24	92.40	2,218
Architect	3	21	63	86.00	5,418
Architectural Associate II	3	6	18	74.25	1,337
Total					9,568
Total BOA Fee					33,856

GOLDEN GATE VALLEY LIBRARY ROOF REPAIRS
BOE/Mech. Fee Breakdown**SCHEDULE A****Programming and Planning Phase**

	Months	Hr/month	Total hr	Rate	Subtotal
Mechanical Engineer	1	24	24	85.00	2,040
Total					2,040

SCHEDULE B**Construction Document / Bid Phase**

Mechanical Engineer	1	28	28	85.00	2,380
Engineering Assistant I	1	70	70	52.00	3,640
Total					6,020

SCHEDULE C**Construction Support Services**

Mechanical Engineer	3	8	24	85.00	2,040
Total					2,040
Total BOE/Mech. Fee					10,100

**GOLDEN GATE VALLEY LIBRARY ROOF REPAIRS
BOE/Struc. Fee Breakdown****SCHEDULE A****Programming and Planning Phase**

	Months	Hr/month	Total hr	Rate	Subtotal
Associate Engineer	1	28	28	70.00	1,960
Total					1,960

SCHEDULE B**Construction Document / Bid Phase**

Associate Engineer	1	58	58	70.00	4,060
Total					4,060

SCHEDULE C**Construction Support Services**

Associate Engineer	3	8	24	70.00	1,680
Total					1,680

Total BOE/Struc Fee					7,700
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NOTE:

BOE/Structural's fee will be on as needed basis.

GOLDEN GATE VALLEY LIBRARY ROOF REPAIRS
BCM Fee Breakdown**SCHEDULE A****Programming and Planning Phase**

	Months	Hr/month	Total hr	Rate	Subtotal
NONE					

SCHEDULE B**Construction Document / Bid Phase (Contract Prep Work)**

Associate Engineer	1	50	50	70.00	3,500
Total					3,500

SCHEDULE C**Construction Support Services****Construction Management:**

Construction Manager	3	32	96	82.00	7,872
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Field Inspector	3	32	96	75.00	7,200
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Prevailing wage monitoring (allow)					3,857
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Clerical support (allow)					1,539
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Total					20,468
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Total BCM Fee					23,968
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Item 21 – File98-1850

Department: Police Department

Item: Ordinance amending the Administrative Code by amending Section 16.6-47.1 relating to Police Department memberships by adding specified organizations.

Description: The proposed ordinance would amend the Administrative Code, Section 16.6-47.1 to authorize the Police Department to have memberships in the following two organizations:

<u>Organizations</u>	<u>Annual Membership Fee</u>
National Organization of Black Law Enforcement Executives	\$75
California Burglary and Theft Investigators Association	<u>24</u>
Total	\$99

Comments:

1. Mr. Andres Acevedo of the Police Department reports that membership in both organizations is for networking and professional development purposes.
2. Mr. Acevedo advises that the \$99 annual membership fee for the two organizations is currently included in the Police Department's FY 1998-99 budget. Therefore, this request would not represent any additional costs to the City.

Recommendation: Approve the proposed ordinance.

Item 22 – File 98-1887

Departments: Department of Real Estate
Department of Administrative Services

Item: Resolution authorizing the execution of a management agreement for a café on the ground floor of City Hall with L & L, a partnership.

Location: Ground Floor of City Hall at 1 Dr. Carlton B. Goodlett Place, San Francisco 94102

Purpose of Management Agreement: To permit operation of a cafeteria at City Hall Café and to provide space for it on the ground floor of the City Hall building.

Lessor: City and County of San Francisco

Lessee: L & L, a partnership

No. of Sq. Ft. and Cost Per Month: The proposed space consists of approximately 850 square feet on the ground floor of City Hall, to be leased at \$1.00 per square foot. The monthly cost to L & L consists of rental payment of \$850 per month (base rental rate), plus an additional estimated payment of \$2,700 per month based on 9% of the gross monthly sales (percentage rental rate). Such gross monthly sales are estimated by Mr. Mark Zuffo of the Department of Real Estate (DRE) to be \$30,000 per month.

Annual Payment by Lessee: The annual base rental payment by L & L to the City would be \$10,200 per year (\$850 per month times 12 months), and an annual percentage rental estimated at \$32,400 per year (\$2,700 per month times 12 months) based on 9% of the estimated gross monthly sales of \$30,000 per month. Together, the annual payment by L & L to the City is estimated to be \$42,600 per year (\$3,550 per month times 12 months).

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Utilities Provided

By Lessor: The City will pay for all utilities, which Mr. Zuffo estimates will cost \$150 per month, or \$1,800 per year.

Janitorial Services

By Lessee: The lessee will be responsible for janitorial services at the leased space.

Term of Lease: Five years, from January 4, 1999 through January 3, 2004.

Right of Renewal: The lessee will have an option to extend the term of the lease for one additional 5-year period at a rate no less than the higher of either the previous rental amount or fair rental value as determined by the DRE.

Description: **Services and Operation of Proposed City Hall Café**

Under the proposed Management Agreement, the City Hall Café would provide an "affordable, healthy, and diversified menu," consisting of a salad bar, a variety of sandwiches, pastries, coffee and other beverages, and smoothies, according to Mr. Zuffo. There would be no grilled items nor dishes requiring stove capacity. The hours of operation would be 7:00 a.m. through 4:00 p.m.

Fiscal Projections of Proposed City Hall Café

Base Rent

Under the terms of the proposed Management Agreement, the City would receive \$850 per month from L & L as base rent, or \$10,200 per year for the leased space.

Percentage Rent

Also under the terms of the proposed Management Agreement, the City would receive a percentage rent based on 9% of the gross monthly sales.

Estimations of gross monthly sales, according to Mr. Zuffo, are based on the expected daily sales of \$1,500 per day from the proposed City Hall Café. At 20 working days per month, expected gross monthly sales are \$30,000

per month from the operation of the proposed City Hall Café.

Thus, at 9% of the estimated gross sales of \$30,000 per month, the City expects to receive \$2,700 per month in percentage rent, or \$32,400 per year, in addition to the base rent.

Expected Total Rental Amount to City

In total, the City expects to receive approximately \$3,550 per month, or \$42,600 per year, from base rental and percentage rental payments under the proposed Management Agreement.

Utilization of Proposed Lease

City Hall Construction

The build out of the proposed leased space on the ground floor of the City Hall building is currently underway as part of the overall, seismic renovation of the City Hall building. Building out for the proposed City Hall Café includes providing the flooring, paint, electricity, plumbing, and other structural components. Total estimated costs are \$50,000 and are funded from monies previously appropriated for the City Hall Project, according to Mr. Steve Nelson, Director of the DAS.

Equipment Provided By L & L

According to Mr. Zuffo, under the terms of the proposed Management Agreement, L & L is required to purchase specific pieces of equipment to operate the City Hall Café. Such equipment includes a refrigerator, cash register, microwave, toaster, espresso machine, coffee maker, automatic slicer, dry display case, sink, ice machine, utility cart, soup warmer, and soda system with carbonator. According to Mr. Zuffo, the estimated cost of such equipment to be borne solely by the lessee is approximately \$84,000, including installation.

Employees To Be Hired By L & L

According to Mr. Zuffo, L & L expects to hire four employees to work at the proposed City Hall Café. Depending on the flow of customers, there would likely be at least three employees working on a daily basis.

Dining Space Not In Proposed Lease

Mr. Zuffo estimates that approximately 200 to 300 people would patronize the proposed City Hall Café on any given business day. To accommodate these customers, 2,134 square feet of floor space located on the ground floor of City Hall will serve as the dining space, outside of the 850 square feet leased for the actual City Hall Café, itself. Holding 34 tables and 94 chairs provided by the City, this 2,134 square feet of dining space is not included in the proposed lease with L & L, is separated by doors from the leased space, and will instead be shared in common by all the occupants of the City Hall building as an enclosed "public area" or general lunch room located on the ground floor of City Hall.

Advertisements By Lessee

Mr. Zuffo states that under the terms of the proposed Management Agreement, all advertisements for the City Hall Café would be done by L & L. According to Mr. Zuffo, any advertisements within the City Hall building must be approved by the building manager, who has been hired by the Director of the Department of Administrative Services.

Comments:

1. Fair Market Value

Mr. Zuffo advises that the base rent of \$850 per month plus an estimated \$2,700 per month, or the percentage rent of 9% of gross monthly sales, together represent fair market value, based on appraisals of the existing real market in the area made by the DRE.

2. Process of Selecting Winning Proposal

According to Mr. Zuffo, starting September 8, 1998, the DRE sent out a Request for Proposals to over 100 firms

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and placed other advertisements regarding the Request for Proposals in such newspapers as The San Francisco Chronicle, The San Francisco Examiner and The Independent. The DRE also provided notice regarding the Request for Proposals to the Golden Gate Restaurant Association (GGRA), through which information was disseminated to the GGRA's member restaurants. The DRE also provided notice in the Purchasing Department's newsletter, which went on the Internet.

Four written proposals were received by the DRE by the deadline of September 25, 1998.

Two committees were formed to make the final selection. According to Mr. Zuffo and Mr. Nelson, the Pre-Selection Committee consisted of three members chosen by the City Hall Policy Committee: Steve Nelson (Director of the DAS), Ben Rosenfield (Budget Analyst for the Mayor's Office of Finance and Legislative Affairs), and Mark Zuffo (DRE). The City Hall Policy Committee consisted of seven members: Susan Leal (Treasurer), Matthew Hymel (Mayor's Director of Finance), Tony Iron (City Hall Project Manager), Ed Harrington (Controller), John Taylor (former Clerk of the Board of Supervisors), Steve Nelson (Director of the DAS), and Mark Primeau (Department of Public Works (DPW)).

3. Selection of L & L

The attachment provided by Mr. Zuffo contains a list of the firms which submitted proposals and the amount of the rentals proposed.

The attachment provided by the DRE shows the total proposed rental payment per month for each of the firms that submitted proposals. As shown in the attachment, L & L's estimated annual payment to the City is \$42,600 per year or \$6,600 per year less than the highest proposed estimated annual payment of \$49,200 per year, submitted by Roxano/Sotano, Inc.

According to Mr. Zuffo, the L & L partnership was selected because it was the most responsive and qualified bidder. Mr. Zuffo advises that besides the proposed rental amounts, other selection considerations were the quality

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of food, and the quality and kinds of services provided at other existing operations. L & L was chosen after visits were made to L & L's existing Boulé Café in San Francisco and taste tests were performed.

4. Status of Management Agreement

The proposed Management Agreement is still in draft form as of the writing of this report. According to Mr. Zuffo, the parties to the Management Agreement do not anticipate any changes to the economic terms as agreed upon in the draft agreement.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Proposed Rental Amounts*

Name	Base Rent	Percentage Rent	Total Rent ~	Annual Rent
Celebrity Café	\$3,500 per month	7% of sales (over \$60,000)	\$3,500 per month	\$42,000
Roxanne/Sotano Inc.	\$2,000 per month	7% of gross revenue	\$4,100 per month	\$49,200
L&L, a Partnership	\$850 per month	9% of gross revenue	\$3,550 per month	\$42,600
Lucky Coffee Company	\$1,200 per month	0	\$1,200 per month	\$14,400

*Rental amount was only one of many criteria used in the analysis of each proposal.

~Total rent assumes gross revenue of \$30,000 per month

Item 23 – File 98-1952

Departments: Department of Real Estate (DRE)
Department of Administrative Services (DAS)

Item: Resolution authorizing a lease of space at City Hall with the United States Postal Service.

Location: Ground Floor of City Hall at 1 Dr. Carlton B. Goodlett Place, San Francisco 94102

Purpose of Lease: To provide space for the operation of a United States Post Office at City Hall (City Hall Post Office) in order to provide postal services to City Hall tenants and citizens of San Francisco.

Lessor: City and County of San Francisco

Lessee: United States Postal Service (USPS)

No. of Sq. Ft. and Cost Per Month: The proposed space consists of approximately 818 square feet of office and common space at approximately \$0.083 per month (\$1.00 per year over 12 months)

Annual Payment by Lessee: The annual rental payment by USPS to the City would be \$1.00 per year.

Utilities Provided By Lessor: The City will pay for all utilities.

Janitorial Services By Lessee: The lessee will be responsible for janitorial services within their leased space.

Term of Lease: Five years, from January 1, 1999 through December 31, 2003. The USPS may terminate the lease with 90 days written notice with the City.

Right of Renewal: There is no right of renewal under the lease agreement.

Description: Resuming Postal Services At City Hall

The USPS occupied similar space on the ground floor of City Hall Project at the same proposed rent prior to the Seismic Strengthening Project. According to Mr. Steve Legnitto of the Department of Real Estate (DRE), the USPS is still defining the details of operation to be conducted at the proposed leased space, such as the hours of operation.

Utilization of Space

According to Mr. Legnitto, the space would be configured to accommodate postal machines and equipment necessary for the operation of the USPS. Moreover, of the 818 square feet of leased space, 560 square feet will be occupied by the USPS and 258 square feet will be used for a public lobby and access for inter-departmental City mailing services.

Tenant Improvements Completed

According to Mr. Legnitto and Mr. Steve Nelson of DAS, Real Estate Division, the City has completed most of the tenant improvements to the premises, such as electricity, plumbing, and flooring. Mr. Legnitto states that a majority of such build out of the proposed leased space on the ground floor of the City Hall building was completed not for any intended occupancy of the USPS, but as part of the overall, seismic renovation of the City Hall building. According to Mr. Nelson, this build out was done from monies previously appropriated for the City Hall Project.

Comments: 1. Availability of Postal Services at City Hall

According to Mr. Legnitto, resuming the lease arrangement with the USPS at the historical annual rent of \$1.00 was needed in order to get the USPS to agree to make its services available at City Hall. Given that the USPS already provides postal services in the Civic Center area of the City at two locations (at the Fox Plaza Finance Station at 1390 Market Street and at the Federal Building Finance Station at 450 Golden Gate Avenue), access to a post office within the City Hall building is

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intended to benefit both the tenants of City Hall and the members of the public who come to City Hall.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Item 24 – File 98-1889

Department: Tax Collector

Item: Resolution authorizing the Tax Collector to sell at public auction 120 parcels of tax-defaulted real property.

Description: According to State law, if a property owner does not pay his or her Property Taxes in any one year, the owner is then considered to be in default. The property owner then has five years during which he or she may repay the defaulted tax amount or apply for an installment payment plan. If the amount is not repaid in full within the five-year deadline, or the property owner has not initiated an installment payment plan or has defaulted on an installment payment, the Tax Collector must attempt to sell the property at public auction within four years.

In order to conduct such an auction, the Tax Collector must receive authorization from the Board of Supervisors and the State Controller's Office. The proposed resolution would authorize the Tax Collector to sell certain tax-defaulted properties.

- Comments:**
1. Mr. Francis Nguyen of the Tax Collector's Office advises that 120 properties would be offered at the proposed auction. A copy of the list of properties to be auctioned is on file with the Clerk of the Board. According to Mr. Nguyen, the last public auction of tax-defaulted property occurred in September of 1997.
 2. According to Mr. Nguyen, the properties to be sold at the proposed auction consist of both residential and commercial property, including vacant lots that are buildable or have no contiguous property owners.
 3. Mr. Nguyen advises that the minimum required bid for each property to be sold at the proposed public auction would be (a) the amount of the delinquent Property Taxes owed on the property as of October 1998 and (b) \$350 in administrative fees to cover costs related to conducting the auction. Mr. Nguyen reports that the amount of the tax default proceeds and the administrative fees would be credited to the Tax Collector upon sale of the property.

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Any remaining revenues from the public auction would revert to the property owner or to other parties of interest such as lien-holders.

4. According to Mr. Nguyen, after the Board of Supervisors has approved this proposed resolution, the State Controller's Office would be requested by the Tax Collector's Office to also authorize the proposed public auction in order to comply with State law. Subsequent to receiving approval from the State, the list of properties to be sold at the public auction would be made available to interested parties (persons who have contacted the Tax Collector's Office to inquire about public auctions). At the same time, the public auction would be advertised once a week for three consecutive weeks in the *San Francisco Independent*. The newspaper advertisement would contain the time and date of the public auction and instructions as to how to obtain the list of the properties to be auctioned. Mr. Nguyen anticipates the public auction would take place in January of 1999.

5. Mr. Nguyen advises that the Tax Collector is required to notify property owners who are in default by certified mail that they are required to pay their delinquent Property Taxes in full in order to prevent their property from being sold at a public auction. This notification, pertaining to the subject 120 properties to be sold at public auction, was sent to each of the property owners in August of 1998. Default notices and notices included in the Property Tax bill were also previously sent annually to each of the 120 property owners. According to Mr. Nguyen, upon receiving the authorization from the Board of Supervisors and the State Controller's Office, the Tax Collector will notify, by personal contact, each of the property owners and/or occupants of each property slated for public auction that the property is in default and full payment of delinquent Property Taxes is required in order to prevent their property from being sold at public auction. According to Mr. Nguyen, property owners have the option to repay all of the delinquent taxes in full until the close of business on the day prior to the proposed public auction.

Recommendation: Approve the proposed resolution.

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Item 25 – File 98-1810

Item: Ordinance amending Municipal Code Part III, Article 12-A, Section 906B and Part III, Article 12-B, Section 1005.6, to add two additional years of Payroll Tax or Gross Receipts Tax credits for new jobs created on or after January 1, 1998 (the "New Jobs Tax Credit"). Article 12-A is known as the "Payroll Expense Tax Ordinance" and is the section of the Administrative Code that relates to the Employer's Payroll Tax. Article 12-B is known as the "Business Tax Ordinance" and is the section of the Administrative Code that relates to the Gross Receipts Tax. San Francisco businesses currently pay the City either the Payroll Tax or the Gross Receipts Tax, whichever results in a higher tax liability.

Description: Currently, Article 12-A, Section 906(c)(1) and Article 12-B Section 1005.6 of the Municipal Code state that the amount of the New Jobs Tax Credit for any given year shall be a percentage of the additional Payroll Tax or Gross Receipts Tax that otherwise would be due for an individual hired after July 1, 1993 for a job qualifying for the credit (a new job that does not replace an existing job and which must remain as a position in the business firm for a minimum of two years) based on the employee's duration of employment as follows:

<u>Duration of Employment</u>	<u>Tax Credit</u>
First 12 months	100%
Second 12 months	50%

This proposed amendment would add language that, for an individual hired on or after January 1, 1998 for a job qualifying for the New Jobs Tax Credit, the credit shall be as follows:

<u>Duration of Employment</u>	<u>Tax Credit</u>
First 24 months	100%
Next 24 months	50%

Therefore, the proposed tax credit would be granted for an additional 12 months for each category of tax credit.

Under the current language of the Municipal Code, the New Jobs Tax Credit will expire on December 31, 2002

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unless the Board of Supervisors extends the credit. This expiration date of December 31, 2002 would not change if the proposed ordinance is approved.

In addition to the amendments described above, Section 906B and Section 1005.6 would be amended to state that, for jobs created on or after January 1, 1998: "No credit shall be allowed for any third or fourth year of employment to the extent that such credit for third or fourth year employment and any credits for first and second year of employment would reduce the employer's (Payroll Tax or Gross Receipts Tax) liability below the employer's previous base year liability."

Comments:

1. The Municipal Code requires the Tax Collector to report annually on the number of jobs qualifying each of four Payroll and Gross Receipts Tax credits, including the New Jobs Tax Credit, the Enterprise Zone Tax Credit, the Summer Youth Tax Credit, and the Garment Manufacturer's Tax Credit. The results of the New Jobs Tax Credit (which is the subject of this proposed ordinance) over the first five years of the program (calendar years 1993 through 1997) are summarized in the table below:

<u>New Jobs Tax Credit</u>				
Calendar Years	No. of Participating San Francisco Firms	No. of New Jobs Each Year	Total Employee Tax Credits	Total Tax Credit Granted to Participating Firms
1993	16	171	171	\$ 15,104
1994	30	499	670	105,758
1995	47	2,478	2,977	611,230
1996	125	2,283	4,761	2,149,748
1997	<u>185</u>	<u>5,621</u>	<u>7,904</u>	<u>2,227,090</u>
	403	11,052	16,483	\$ 5,108,930

In summary, over the first five years of the New Jobs Tax Credit program, 403 San Francisco Businesses have participated in the program and 11,052 new jobs have been created. Total tax credits that have been granted for these new jobs amount to \$5,108,930.

2. The fiscal impact to the City of this proposed expansion of the New Jobs Tax Credit program for an additional 12 months for each category of tax credit is dependent on the number of eligible new jobs that will be created over the five-year period commencing January 1, 1998 and expiring December 31, 2002. New job creation is highly dependent on a number of factors, such as the number of new businesses locating in San Francisco, expansion to existing business and the overall strength of San Francisco's economy. As can be seen from the table above, a smaller number of jobs were created during the first three years of the New Jobs Tax Credit, 1993 through 1995, while many more jobs have been created over the last two years, as economic conditions improved significantly in 1996 and 1997.

3. As shown in the table on the previous page, from 1993 through 1997, 16,483 new jobs have been created, and total tax credits granted for these new jobs amount to \$5,108,930. If this proposed expanded version of the New Jobs Tax Credit had been in place during the first five years of the program, granting an additional 12 months for each tax credit category, the amount of the tax credits allowed for the 16,483 jobs created would have been \$6,775,364, an increase of \$1,666,434.

4. As shown in the table on the following page, Mr. Richard Sullivan, Tax Collector, estimates that the reduced Business Tax revenues to the City, as a result of the proposed two additional years for granting New Jobs Tax Credits, would range from \$3,252,567 for the five-year period 1998 through 2002 (an average of \$650,573 per year) to \$5,150,756 for the five-year period 1998 through 2002 (an average of \$1,030,151 per year). The total number of new jobs that would be created between 1998 and 2002 would range from 11,052 to 18,803 using the Tax Collector's estimates.

**Summary of Tax Collectors Estimates of New Jobs and Tax Credits Under
Existing New Jobs Tax Credit Program and
Proposed Extension to New Jobs Tax Credit Program**

Assumed New Job Growth Rate	Total Estimated Number of New Jobs Created Annually - 1998 through 2002	Total Tax Credits That Would be Granted Under Existing Two Year Provision	Total Tax Credits That Would be Granted Under Proposed Extension to a 4 Year Tax Credit	Reduction in Business Tax Revenues as a Result of Extending the New Jobs Tax Credit by Two Additional Years	Average Annual Increased Tax Credit Resulting from Extension
New Job Growth Rate based on 5-Year Average from 1993 through 1997	11,052	\$5,792,163	\$9,045,030	\$3,252,867	\$650,573
New Job Growth Rate based on 3-Year Average from 1995 through 1997	18,803	\$8,826,858	\$13,977,614	\$5,150,756	\$1,030,151

As noted in Comment 2 above, the actual number of new jobs that will be created between 1998 and 2002 will also depend on a number of economic factors that cannot be predicted at this time. Hence, actual new jobs and New Jobs Tax Credits could vary significantly from the estimates shown in the table above.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Items 26 and 27 Files 98-1812 and 98-1813

Items: **File 98-1812:** Ordinance amending Article 12-A, Part III of the Municipal Code (Revenue and Finance Business Regulations) by adding Section 906E thereto, creating a \$500 Payroll Expense Tax Credit to businesses for any taxable year ending within a fiscal year of the City immediately following a fiscal year for which the City has surplus business tax revenue from the Employer's Payroll Tax and Gross Receipts Tax.

File 98-1813: Ordinance amending Article 12-B, Part III of the Municipal Code (Revenue and Finance Business Regulations) by adding Section 1005.9 thereto, creating a \$500 Business (Gross Receipts) Tax Credit to businesses for any taxable year ending within a fiscal year of the City immediately following a fiscal year for which the City has surplus business tax revenue from the Employer's Payroll Tax and Gross Receipts Tax.

Description: Article 12-A of the Municipal Code is known as the "Payroll Expense Tax Ordinance" and is the section of the Administrative Code that relates to the Employer's Payroll Tax. Article 12-B is known as the "Business Tax Ordinance" and is the section of the Administrative Code that relates to the Gross Receipts Tax. San Francisco businesses currently pay the City either the Payroll Tax or the Gross Receipts Tax, whichever results in the higher tax liability.

File 98-1812: This proposed ordinance, would add Section 906E, to the Municipal Code to create a \$500 Payroll Tax Credit for any business that has a Payroll Tax liability of \$2,500 or more for any taxable year ending within a fiscal year immediately following a fiscal year in which the City has surplus Business Tax Revenue; provided that in no event shall the Tax Credit pursuant to this Section reduce a business taxpayer's liability for such tax to an amount less than zero.

File 98-1813: This proposed ordinance, would add Section 1005.9 to the Municipal Code (Revenue and Finance Business Regulations) to create a \$500 Business Tax Credit, for any business that has a Gross Receipts Tax

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liability of \$2,500 or more for any taxable year ending within a fiscal year of the City immediately following a fiscal year in which the City has surplus Business Tax Revenue; provided that in no event shall the Tax Credit pursuant to this Section reduce a taxpayer's liability for such tax to an amount less than zero.

The Controller would determine that the City has Surplus Business Tax Revenue if and only if the Actual Business Tax Revenue (Payroll Tax and Gross Receipts Tax revenues) for such fiscal year exceeds the "Anticipated Business Tax Revenue" (see below for definition of Anticipated Business Tax Revenue).

Actual Business Tax Revenue is defined as the aggregate amount of Business Tax revenue collected (Payroll Tax and Gross Receipts Tax revenues) less the amount of such revenue for such year resulting solely from tax rate increases in such year.

Anticipated Business Tax Revenue is an amount equal to the product of the Actual Business Tax Revenue for the fiscal year immediately preceding such fiscal year, multiplied by 1.075 or 107.5 percent. By setting the Anticipated Business Tax Revenue at a level equal to 107.5 percent of the Actual Business Tax Revenue, the proposed ordinances allow for natural growth in annual Business Tax revenues, which generally occurs to some extent every year, prior to declaring a Business Tax "surplus" for purposes of granting the Surplus Business Tax Revenue Credit.

In other words, a \$500 Tax Credit cannot be granted unless Business Tax Revenue actually collected in a Fiscal Year exceeds 1.075 times actual Business Tax Revenues collected in the previous Fiscal Year.

Comments:

1. If approved, this proposed ordinance would grant the subject proposed Tax Credits in taxable years ending after 1997. The Controller would determine if the City has Surplus Business (Payroll and Gross Receipts) Tax Revenues on the first business day of September, following the close of such fiscal year. For FY 1997-98, the

Controller would have to make his determination on or before December 31, 1998.

2. According to Mr. Richard Sullivan, Tax Collector, there are presently 7,483 businesses that have either a Payroll Tax or Gross Receipts Tax liability of \$2,500 annually or more. Therefore, in Fiscal Years in which Business Tax Revenue exceeds Anticipated Business Tax Revenue (previous Fiscal Year actual Business Tax Revenue multiplied by 1.075), granting a \$500 Tax Credit to each business would represent a reduction of General Fund Revenue in the amount of \$3,741,500.

3. According to Mr. John Madden, Chief Assistant Controller, the accrual accounting method employed by the City for Business Tax Revenue will result in a compounded reduction in revenues to the City as a result of the proposed Tax Credit in its first year of implementation (FY 1998-99). The first year impact of this proposed Tax Credit would therefore be one and one-half times the annual impact of \$3,741,500, or \$5,612,250. The estimated annual impact for years following the first year would be \$3,741,500 for each Fiscal Year in which Actual Business Tax Revenue exceeds Anticipated Business Tax Revenue.

Recommendation: Approval of these proposed ordinances is a policy matter for the Board of Supervisors.

Items 28 and 29 - Files 98-1844 and 98-1845

Items: File 98-1844: Resolution declaring the intention of the Board of Supervisors to establish a Property and Business Improvement District to be known as the Union Square Business Improvement District, for purposes of ordering the levy and collection of a multi-year assessment and setting a time and place for a public hearing.

File 98-1845: Resolution establishing ballot procedures governing ballots cast by property owners of property located within the boundaries of the proposed Union Square Business Improvement District.

Description: Proposition 218, approved by the California voters on November 6, 1996, which became part of the California Constitution (Articles XIII C and XIII D) authorizes cities to establish Property and Business Improvement Districts for the purpose of levying assessments on real property for certain purposes.

The proposed resolution (File 98-1844) would declare the Board of Supervisors intent to establish a Property and Business Improvement District to be named the Union Square Business Improvement District located in an approximately ten block area surrounding Union Square. Attachment 1 contains a map of the proposed District boundaries.

The proposed resolution would also require the levy and collection of assessments for the next five fiscal years from July 1, 1999 through June 30, 2004 for the costs of establishing and maintaining the District, subject to approval by a majority of the property owners in the District. The proposed resolution also sets a public hearing date of January 25, 1999 at 3 p.m. for the Board of Supervisors to consider this matter.

The purpose of establishing this District and making the related assessments is to provide additional services, such as safety and maintenance, to supplement those services provided by the City. Specifically, the proposed Union Square Business

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Improvement District will pay for (a) increased sidewalk sweeping and steam cleaning, (b) improved trash, graffiti removal and a painting crew, (c) increased public safety with one Police Officer and four uniformed Community Services Ambassadors, who are unarmed and have no special police powers, but who are trained public safety personnel who would be used to provide citizen assistance and referral and (d) improved community and information services for visitors at an estimated cost of approximately \$967,081 annually. Attachment 2, as provided in the Union Square Business Improvement District Plan, contains a detailed budget to support the estimated annual costs of \$967,081.

Each commercial property owner within the District would be charged at an annual assessment rate of \$60 per linear foot, or \$5 per linear foot per month, based on the number of square feet of property sidewalk frontage. According to the Union Square Business Improvement District Plan, since the District's services are aimed at providing enhanced public safety and maintenance on the street, using the linear street frontage was determined to be a reasonable method for assigning service costs based on the relative benefit each parcel receives from these services. According to the Plan, there are 91 parcels of property, with 65 commercial property owners located within the proposed Business Improvement District. Property zoned exclusively for residential use would not be subject to the proposed assessments, of which there are none within the proposed District. The proposed assessments to each commercial property within the District would appear as a separate line item on each commercial property owner's Property Tax bills sent by the City's Tax Collector's Office.

The calculation for the annual assessment to each property owner of \$60 per linear foot (\$5 per month) is based on a total of 12,784.695 linear frontage sidewalk property. The total estimated annual amount to be collected through the assessments on the Union Square Business Improvement District property owners is \$767,081 (12,784.695 linear feet x \$60 per linear foot). This leaves a shortfall of \$200,000

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annually (\$967,081 budget less \$767,081 from assessments), which, according to the Union Square Business Improvement District Plan, is to be provided from the City (See Comment No. 8 for additional details).

The proposed resolution (File 98-1845) establishes the specific ballot procedures for casting ballots by the property owners of the Union Square Business Improvement District. These procedures establish the Clerk of the Board of Supervisors as responsible for the content and conduct of the ballot.

Comments:

1. The City Center Partnership, a non-profit organization, consisting of approximately 35 members who are primarily merchants within the proposed Union Square Business Improvement District, has been providing some of the proposed safety and street sweeper services for the past two to three years. According to Ms. Linda Mjellem, of the Union Square Association and the City Center Partnership, members of the City Center Partnership paid voluntary contributions totaling approximately \$240,000 annually to support the safety and street sweeper services, which were provided by both employees hired by the City Center Partnership and on a contract basis to outside vendors. Ms. Karin Flood, formerly of the City Center Partnership, reports that the current services are provided on a contract basis. Ms. Flood reports that once the Business Improvement District is created, it is anticipated that the District will hire a managing Director, who will be responsible for overseeing the proposed services, through either a contract or employee basis.

2. In accordance with the proposed resolution (File 98-1844), the Board of Supervisors would also approve the Union Square Business Improvement District Plan, which was prepared by Ms. Flood, with assistance from a consultant in October of 1998.

This Plan contains the service plan for the District and discusses the specific details of the (1) maintenance program, (2) public safety enhancements and (3) community relations activities to be included. For

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example, the Plan states that the District intends to hire sanitation workers through a referral program that would benefit the City's homeless community and that the focus of the Community Services Ambassadors would be crime deterrence not enforcement. In addition, the detailed budget, the recommended composition and appointments for the Advisory Board (See Comment No. 13) and the assessment methodology are included in the Plan. As discussed above, a \$200,000 annual contribution by the City is also included in this Plan. The Plan would be approved by the proposed resolution (File 98-1844), although the proposed resolution does not reference the inclusion of this \$200,000 annual City contribution. The \$200,000 from City funds would be subject to approval by the Board of Supervisors.

3. According to the Plan, these City monies would go toward the cost of steam cleaning the entire Business District. This \$200,000 annual contribution represents approximately 21 percent of the proposed total annual budget of \$967,081 for the Union Square Business Improvement District. Over a five year period, which is the life of the proposed Improvement District, this \$200,000 annual City contribution would cost the City \$1,000,000.

4. Mr. David Greenburg of the City Attorney's Office reports that in accordance with Proposition 218, property owners within a business improvement district can only be assessed for the costs of those services that each property is expected to derive from the improvement district. According to Mr. Greenburg, if the benefit of the improvement district extends beyond the boundaries of the property, or there are general benefits to properties or parties outside the district, the individual property owners within the district cannot be assessed such costs. The costs for such general benefits or services must come from another source. Mr. Greenburg further reports that such other sources could be from outside grants, private donations, gifts, or government contributions. Under the proposed Union Square Business Improvement District Plan, such other funds, which are estimated at \$200,000 annually, are proposed to

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come solely from the City and County of San Francisco.

5. A detailed engineer's report is required to be prepared prior to the creation of a business improvement district, in accordance with Proposition 218, in order to identify the specific benefits to be derived by the properties to be assessed, the amounts to be levied and to identify the costs of the general benefits to be derived from the improvement district. An engineer's report was recently prepared by Edward V. Henning & Associates, for the proposed Union Square Business Improvement District. This report states that "general benefits within a given district typically vary from 5-25% of the total costs" and using empirical data, "a focused range for general benefits from 15-25% is extrapolated".

6. As previously noted, the Union Square Improvement District Plan, which contained a \$200,000 annual revenue source to be allocated from the City represents approximately 21 percent of the District's proposed annual budget of \$967,081. The engineer's report states that "a specific value of 21% is assigned to the general benefit portion of the total estimated program costs" for the Union Square Business Improvement District. It should also be noted however, that this engineer's report states that if the City's annual \$200,000 contribution is not appropriated in the four subsequent years, these revenues can be offset by the previous three years of allocations of approximately \$240,000 per year, which were contributed through the City Center Partnership. In other words, the City would not have to put up the \$200,000 annual contributions in subsequent years to provide the designated general benefits, as identified by this engineer's report.

7. It should also be noted that Proposition 218 does not exempt government property from paying benefit assessments. The City and County of San Francisco owns the Ellis O'Farrell Parking Garage at 123 O'Farrell Street, and the San Francisco Unified School District owns the San Francisco Center, at 865 Market Street, in which Nordstrom is located, within the

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proposed District. According to the draft engineer's report, the City would be assessed an annual assessment of \$14,700 the first year for this property, in addition to the proposed \$200,000 annual contribution. Ms. Mjellem reports that the San Francisco Center, the main tenant, will pay the Unified School District's assessments on the property, which are estimated to be \$33,000 the first year.

8. According to the Office of the Sponsor of the proposed legislation, if the proposed Union Square Business Improvement District is created, depending on the timing for the creation of the District and the need for City funds, either a supplemental appropriation would be prepared or the funds would be included in the FY 1999-2000 budget to provide the necessary \$200,000 to the Improvement District. The Office of the Sponsor also reports that in the subsequent four years, such funds would be included in the City's annual budget. According to both the Sponsor's Office and Ms. Flood, it is intended that the City would provide the \$200,000 of funds to the District, to be used for the necessary steam cleaning services, rather than have the City directly provide such additional services to the District.

Mr. John Busher of the Department of Public Works reports that DPW currently provides approximately 60 to 80 labor hours per week for all cleaning services, including approximately eight hours per week for steam cleaning, to the Union Square Improvement District area, at an estimated total annual cost of approximately \$140,000 to \$180,000 per year. Thus, the proposed City contribution of \$200,000 annually would more than double the current level of expenditure provided by the City to the Union Square Improvement District for all general cleaning services.

9. According to Ms. Flood, the one Police Officer to be hired by the Improvement District, would be paid on an overtime basis by the Business Improvement District. Ms. Flood notes that it is not likely that one Police Officer would be dedicated to this assignment, but rather that this effort will involve several Police Officer's participation Ms. Flood reports that since the

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boundaries of the proposed Business Improvement District overlap three Police District Stations, the District would work with the three Police District Stations to coordinate this additional level of Police effort.

10. The proposed resolution (File 98-1844) states that the formation of the Union Square Business Improvement District will not affect the City's policy to continue to provide the same level of services (including Department of Public Works and Police services) to the areas encompassed by the District, at the same level as other comparable areas for which the City provides such services. Attachment 3 identifies the existing City services and the proposed enhanced Union Square Business Improvement District services that would be provided. However, if the City, through the Business Improvement District, provides an additional \$200,000 annually, or over \$1,000,000 over the next five years, the level of City services to the Business Improvement District, would actually increase.

11. Furthermore, since the Union Square Business Improvement District is the first Business Improvement District that is proposed to be created in the City, and the City, under the proposed Plan, would contribute \$200,000 annually to finance the District services of 21 percent of total estimated annual costs, the Board of Supervisors may want to consider what the City's policy will be if other areas of the City want to create a Business Improvement District, and similarly request funds from the City.

12. In order to form the proposed Union Square Business Improvement District, petitions must be received from commercial property owners representing more than 50 percent of the total assessments in the District. In accordance with State Law that authorizes cities to create such Improvement Districts, the proposed Union Square Business Improvement District would continue for five years, after which the petition process would be required to be repeated, if the District was to continue. Under the proposed plan, it is anticipated that the first

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assessments would be collected in FY 1999-2000. After the first year, the annual assessments may increase, based on the Bay Area Consumer Price Index (CPI), not to exceed three percent annually. Ms. Mjellem reports that the City's contribution would remain constant at \$200,000 per year.

13. An Advisory Board consisting of 13 Union Square property and business owners would manage, without compensation, the proposed Business Improvement District. The Board of Supervisors would be responsible for appointing this Advisory Board, for five year terms, prior to the establishment of the District. This Advisory Board would be responsible for preparing and reviewing the budget and annual service plan for the District. A proposed resolution (File 98-1927) to establish this Advisory Board is currently assigned under the 30-day rule to the Finance Committee. In addition, an Operating Board would be elected by the property owners in the District, which would be responsible for supervising the District's day-to-day operations.

14. The proposed resolution (File 98-1845) identifies specific ballot procedures for the creation of the Union Square Business Improvement District and establishes the Clerk of the Board of Supervisors as the party responsible for the content and conduct of this ballot. Ms. Gloria Young, the Clerk of the Board of Supervisors, reports that conducting the ballot procedures for the creation of the proposed Union Square Business Improvement District is anticipated to cost less than \$500 in direct expenses, in addition to various existing staff positions who would assist in this effort. According to Ms. Young, the Clerk of the Board's FY 1998-99 budget can absorb these proposed costs and staffing assignments.

Recommendations: Approval of the proposed resolutions are policy matters for the Board of Supervisors.

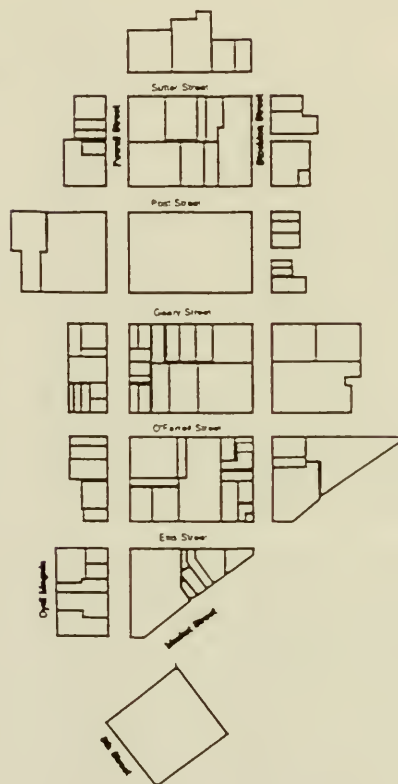
Memo to Finance Committee
December 2, 1998 Finance Committee Meeting



Harvey M. Rose

cc: Supervisor Teng
President Kaufman
Supervisor Newsom
Supervisor Ammiano
Supervisor Bierman
Supervisor Brown
Supervisor Katz
Supervisor Leno
Supervisor Medina
Supervisor Yaki
Supervisor Yee
Clerk of the Board
Controller
Gail Feldman
Matthew Hymel
Stephen Kawa
Ted Lakey

BOUNDARY MAP



Union Square Business Improvement District Plan - October, 1998

Union Square Business Improvement District 1999 - 2000 Operating Budget (the budget will be approximately the same for each of the next four years through 2004)

BUDGET SUMMARY

MAINTENANCE	\$423,220.00
PUBLIC SAFETY	\$400,511.00
MANAGEMENT & OPERATIONS	\$126,850.00
CONTINGENCY	\$16,500.00
TOTAL BUDGET	\$967,081.00

DETAILED BUDGET ANALYSIS**MAINTENANCE****Personnel**

Maintenance Supervisor	\$20,800.00
Sidewalk Sweeping Crew	\$105,120.00
Graffiti Scrubber	\$17,680.00
Medical/Dental Benefits for full time staff	\$16,800.00
Payroll Taxes & Worker's Comp. @ 25% for above personnel	<u>\$35,900.00</u>
<u>Total Personnel</u>	\$196,300.00

Equipment

Garbage bags, gloves, misc. supplies	\$3,000.00
Uniforms	\$3,000.00
Laundry	\$2,000.00
Cleaning solutions, paint, etc.	\$2,000.00
Equipment purchases (Pressure washer)	\$2,420.00
Maintenance training	\$2,000.00
Liability insurance	<u>\$12,500.00</u>
<u>Total Equipment</u>	\$26,920.00

Steam

<u>Cleaning</u>	\$200,000
------------------------	------------------

TOTAL MAINTENANCE	\$423,220.00
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PUBLIC SAFETY**Personnel**

1 10B Police Officer	\$84,511.00
Ambassador Supervisor	\$31,200.00
Lead Ambassador	\$24,960.00
Public Safety Ambassadors	131,400.00
Dispatcher	\$25,000.00
Medical/Dental benefits for full time staff	\$16,800.00
Payroll Taxes & Worker's Comp. @25%	\$53,140.00
(Ambassadors/Dispatcher)	
Total Personnel	\$367,011.00

Equipment

Radio equipment	\$3,000.00
Misc. safety supplies	\$2,000.00
Uniforms	\$8,000.00
Ambassador training	\$6,000.00
Hiring costs (Background checks, drug tests)	\$2,000.00
Liability insurance	\$12,500.00
Total Equipment	\$33,500.00

TOTAL PUBLIC SAFETY	\$400,511.00
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**MANAGEMENT &
OPERATIONS****Personnel**

Managing Director	\$55,000.00
Payroll Taxes & Worker's Comp. @ 25%	<u>\$13,750.00</u>
<u>Total Personnel</u>	\$68,750.00

Operations

Rent	\$22,000.00
Office supplies, stationary, etc.	\$6,000.00
Telephone	\$3,600.00
Postage	\$1,500.00
Meeting expenses	\$2,000.00
Conferences and dues	\$1,500.00
Legal fees	\$5,000.00
Bookkeeper/Payroll service	\$10,000.00
Accounting and audit	\$5,000.00
Office insurance	<u>\$1,500.00</u>
<u>Total Operations</u>	\$58,100.00

TOTAL MANAGEMENT & OPERATIONS	\$126,850.00
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CONTINGENCY

Office Equipment	\$6,000.00
Office Furniture	\$2,500.00
Office Supplies	\$3,000.00
City Collection Fees	<u>\$5,000.00</u>
TOTAL CONTINGENCY	\$16,500.00

TOTAL BUDGET:	\$967,081.00
----------------------	---------------------

VIII. CONTINUATION OF CITY SERVICES

Throughout the process to establish the Union Square BID, business and property owners have voiced concerns that the City of San Francisco maintain existing services at verifiable "baseline" service levels. A formal base level of service policy ensures that existing City services are enhanced, not replaced. By adopting this plan, the Board of Supervisors will confirm its intention to ensure a baseline level of service equivalent to that being provided in similar areas of the city.

Maintenance

Existing City Services	Frequency	Enhanced BID Services	Frequency
Mechanical Street Sweep	2-7 days/week	Manual Sidewalk Sweeping	4 persons 9am to 9pm 7 days/week
Street Flushing (supplemental service per health need)	2-3 days/week	Special Teams Graffiti removal, painting, and on-call maintenance	1 person 8 hrs/day 5 days/week
Graffiti Removal Services	provided by inspectors or on request	Litter Receptacles - Emptying	every day as needed
Street Tree Maintenance	every few years	- Repairs/maintenance - Cleaning/washing	as needed 1x/week or as needed
Manual Sweeping	Workfare Crew once/day, 3-6 days/week	Power Wash Sidewalks (entire district)	as needed
Public Litter Receptacles - Emptying	1-2x/day, 7 days/week		
- Repairs/maintenance	as needed		
- Cleaning /washing	as needed		
Code Enforcement (environmental, safety, cleanliness, and litter laws)	4-6 persons, city wide, ongoing as required		
Market Street Sidewalk Steam Cleaning	4x/year when available		

Safety

Existing City ServicesTenderloin Task Force

Boundaries: Geary to Ellis, Powell to Stockton

- 1-2 beat officers - 6am to 9pm, 4-7 days/week
- 2 beat officers - 9pm to 2am, 7 days/week
- 1 radio car (1-2 officers) - 24 hrs/day, 7 days/week

Central Station

Boundaries: Sutter to Geary, Powell to Stockton

- 1-2 plain clothed units - 6am to 6pm, 7days/week
- 1 beat officer - 8am to 6pm, 7 days/week
- 2 park patrol officers - 7am to 9pm, 7 days/week
(responsible for all of the parks in Central District)
- 2 radio cars (1-2 officers each) - 24 hrs/day

Southern Police StationBoundaries: Hallidie Plaza, Powell Street Turnaround,
Unit block of Powell, Market, Grant to Powell.

- 1 beat officer - 8am-6pm, 4 days/week
- 2 beat officers (bike/foot) - 11am - 9pm on Market St.
between 4th - 8th
- 1-2 beat officers - 4pm-2am, 1-2 nts./week on
Market Street
- 2 officered radio cars - 24 hrs/day btwn 4th-6th &
Market & Harrison

Enhanced BID Services

Boundary: Entire District

- 4 Community Service Ambassadors
equipped with radios
- 3 District patrolling zones
9am to 9pm
7 days/week
- Additional police officer
3pm to 9pm
5 days/week

0.25



City and County of San Francisco

Meeting Agenda

Finance Committee

Veterans Building
401 Van Ness Avenue,
Room 308
San Francisco, CA
94102-4532

Members: *Supervisors Mabel Teng, Barbara Kaufman, Gavin Newsom*

Clerk: *Joni Blanchard*

Wednesday, December 09, 1998

12:59 PM

Veterans Building
401 Van Ness Ave., Room 410
San Francisco, CA 94102

Special Meeting

1. 982041 [Muni Fare Suspension]

Supervisor Newsom

Ordinance approving the suspension of fares on Muni revenue vehicles from 8 P.M. on December 31, 1998 to 3 A.M. on January 1, 1999.

12/7/98, RECEIVED AND ASSIGNED to Finance Committee.

EX-105 1st posted 12/8/98
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ADJOURNMENT

IMPORTANT INFORMATION

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FINANCE COMMITTEE
S.F. BOARD OF SUPERVISORS
VETERANS BUILDING
401 VAN NESS AVENUE, ROOM 308
SAN FRANCISCO, CA 94102

IMPORTANT HEARING NOTICE!!!



City and County of San Francisco
Meeting Agenda
Finance Committee

Veterans Building
401 Van Ness Avenue,
Room 308
San Francisco, CA
94102-4532

DOCUMENTS DEPT

Members: Supervisors Mabel Teng, Barbara Kaufman, Gavin Newsom

DEC 04 1998

Clerk: Joni Blanchard

SAN FRANCISCO

Wednesday, December 09, 1998

1:00 PM

Veterans Building
401 Van Ness Ave., Room 410
San Francisco, CA 94102

Regular Meeting

CONSENT AGENDA

All matters listed hereunder constitute a Consent Agenda, are considered to be routine and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee so requests, in which event the matter shall be removed from the Consent Agenda and considered as a separate item.

1. 981928 [Reserved Funds, Fire Department]
Hearing to consider release of reserved funds, Fire Department (1992 Fire Protection Bond proceeds), in the amount of \$305,000, for the purpose of funding the construction contract for Fire Station No. 5 renovations. (Department of Public Works)
11/16/98, RECEIVED AND ASSIGNED to Finance Committee.
2. 981924 [Grant - Federal Funds]
Resolution authorizing Airport Commission to accept and expend grant of \$11,458,450.00 from Federal Aviation Administration for assistance in improvements at the Airport (A.I.P. 13: Application No. 98-01). (Airport Commission)
11/12/98, RECEIVED AND ASSIGNED to Finance Committee.
3. 981951 [Emergency Repair, Oakhurst Lane Sewer]
Resolution approving the expenditure of funds for the emergency work to repair the structurally inadequate sewer on Oakhurst Lane from Warren Drive to Crestmont Drive - \$72,710. (Public Utilities Commission)
11/15/98, RECEIVED AND ASSIGNED to Finance Committee.
4. 981953 [Lease of Property, 1760 Ocean Avenue]
Resolution authorizing a lease of real property at 1760 Ocean Avenue, San Francisco, for OMI Family Center of the Mental Health Division of the Department of Public Health. (Real Estate Department)
11/18/98, RECEIVED AND ASSIGNED to Finance Committee.

REGULAR AGENDA

5. 982015 [Amendment No. 2 to MOU, Municipal Executives Association]
Ordinance implementing the provisions of an amendment to the Memorandum of Understanding between the Municipal Executives Association for Bargaining Units M, EM, and MSA, and the City and County of San Francisco to amend Appendix E of the Memorandum of Understanding by adding Classes 1682 and 5156 and the titles of Controller and Division Manager of suburban operations to the list to correct a clerical omission, and to amend Appendix F of the Memorandum of Understanding by adding Class 9278 and the title of Director of Airports to the list to correct a clerical omission. (Department of Human Resources)

11/25/98, RECEIVED AND ASSIGNED to Finance Committee.
6. 981876 [Amendment to Municipal Executives Association MOU]
Ordinance implementing the provisions of an amendment to the Memorandum of Understanding between the Municipal Executive Association and the City and County of San Francisco pursuant to Article III.E.3, Subsections (B.1) and (E) of the Memorandum of Understanding, to provide internal adjustments for the time period beginning July 1, 1998 through June 30, 2001. (Department of Human Services)

11/4/98, RECEIVED AND ASSIGNED to Finance Committee.
12/2/98, CONTINUED Heard in Committee. Continued to December 9, 1998 meeting.
7. 981707 [Gift Certificates for Payment for Parking and City Garages] Supervisor Kaufman
Ordinance amending Administrative Code by amending Section 2A.180 to grant authority to the Department of Parking and Traffic to sell gift certificates for payment for parking at city garages.

(Amends Section 2A.180.)

10/13/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 11/13/1998.
8. 981811 [Grievance Settlement Authority] Supervisor Kaufman
Ordinance amending Administrative Code Section 10.25-12 to increase the settlement limitations for individual grievance claims to \$50,000 per claimant and \$50,000 for class grievance claims.

(Amends Section 10.25-12.)

10/26/98, RECEIVED AND ASSIGNED to Finance Committee.

- | | | | |
|-----|--------|---|-------|
| 15. | 981917 | [Real Property Exchange] | |
| | | Resolution approving an exchange agreement between the City and County of San Francisco and the Peninsula Corridor Joint Powers Board (JPB), by which the JPB will quitclaim to the City its easement rights in a parcel between Fifth and Sixth Streets adjacent to King Street in exchange for the City transferring a temporary easement to the JPB in an area encroaching King Street between Fourth and Fifth Streets; and adopting findings pursuant to Planning Code Section 101.1. (Real Estate Department) | |
| | | 11/10/98, RECEIVED AND ASSIGNED to Finance Committee. | |
| 16. | 981923 | [Golden Gate Yacht Club Lease Amendment] | |
| | | Ordinance approving the First Amendment to the lease between the City and the Golden Gate Yacht Club to reduce the rental rate from 10 percent to 7.5 percent of the Club's monthly gross revenue and reducing the lease term from 40 to 30 years. (City Attorney) | |
| | | 11/13/98, RECEIVED AND ASSIGNED to Finance Committee. | |
| 17. | 981981 | [Public Employment] | Mayor |
| | | Ordinance amending Ordinance No. 243-98 (Annual Salary Ordinance) reflecting the creation of 58.5 positions in Department of Human Services; companion measure to File 981980. | |
| | | 11/23/98, RECEIVED AND ASSIGNED to Finance Committee. | |
| 18. | 981980 | [Appropriation, Department of Human Services] | Mayor |
| | | Ordinance appropriating \$11,455,058 of State and Federal revenues to fund augmentation of various welfare programs and services, implementation of the new statewide welfare information network, and to provide the necessary infrastructure and administrative capacity to make these changes and for the creation of 58.5 positions at the Department of Human Services for fiscal year 1998-1999; companion measure to File 981981. | |
| | | 11/23/98, RECEIVED AND ASSIGNED to Finance Committee. | |

LITIGATION

- This Committee of the Board of Supervisors may meet in closed session under the provisions of Government Code Section 54956.9(a) to discuss proposed settlements of the lawsuits listed below; these lawsuits involving the City and County of San Francisco. This motion would be made on the basis that discussion in open session of these proposed settlements would prejudice the position of the City in these lawsuits.*

- | | | | |
|-----|--------|--|--------------------|
| 19. | 981974 | [Tobacco Multi-State Settlement]
Ordinance authorization to participate in proposed multi-state settlement of tobacco litigation.

(Superior Court 980-864.)

11/23/98, RECEIVED AND ASSIGNED to Finance Committee. | Supervisor Kaufman |
|-----|--------|--|--------------------|

20. 981975 [Settlement of Lawsuit] Supervisor Kaufman
Ordinance authorizing to participate in the settlement of litigation of State of California ex rel. Stull against the Bank of America.

(Superior Court 968-484.)

11/23/98, RECEIVED AND ASSIGNED to Finance Committee.

This Committee of the Board of Supervisors may find that it is in the best interests of the City not to disclose any information revealed in its closed session deliberations in the above items at this time and may move not to disclose any information at this time.

IMPORTANT INFORMATION

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LEGISLATION UNDER THE 30-DAY RULE

Rule 5.40 provides that when an ordinance or resolution is introduced which would CREATE OR REVISE MAJOR CITY POLICY, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. The provisions of this rule shall not apply to the routine operations of the departments of the City or when a legal time limit controls the hearing timing. In general, the rule shall not apply to hearings to consider subject matter when no legislation has been presented, nor shall the rule apply to resolutions which simply URGE action to be taken.

21. 981927 [Union Square Business Improvement District Advisory Board] Supervisor Kaufman
Resolution establishing an Advisory Board to make recommendations to the Board of Supervisors on the expenditure of revenues derived from assessments, on the classification of properties within, and on the method and basis for levying assessments upon, property located within the Union Square Business Improvement District.

11/16/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 12/16/1998.

22. 981936 [Penalties, Late Payment of Parking Tickets] Supervisor Teng
Ordinance amending Traffic Code by adding Section 131 to Article 7, adopting a penalty schedule for the late payment of parking tickets and providing that the Board of Supervisors may by resolution declare periods of amnesty during which late payment penalties would be forgiven upon prompt payment of the underlying fine.

(Adds Section 131.)

11/16/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 12/16/1998.

Watch future agendas for matters.

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**FINANCE COMMITTEE
S.F. BOARD OF SUPERVISORS
VETERANS BUILDING
401 VAN NESS AVENUE, ROOM 308
SAN FRANCISCO, CA 94102**

IMPORTANT HEARING NOTICE!!!

CITY AND COUNTY



OF SAN FRANCISCO

Board of Supervisors

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

December 4, 1998

TO: Finance Committee
FROM: Budget Analyst *Recommendations for meeting of*
SUBJECT: December 9, 1998 Finance Committee Meeting

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Item 1 – File 98-1928

Department: Fire Department

Item: Hearing to consider release of reserved funds from 1992 General Obligation Fire Department Improvement Bond Proceeds in the amount of \$305,000 for the renovation of Fire Station No. 5.

Amount: \$305,000

Source of Funds: Previously appropriated 1992 General Obligation Fire Department Improvement Bond Funds and Interest Earnings.

Description: In November of 1992, the voters approved Proposition C, General Obligation 1992 Fire Department Improvement Bonds totaling \$40,800,000 to finance improvements related to various Fire Department facilities.

In November of 1996, the Board of Supervisors approved an ordinance appropriating \$14,233,588 from these 1992 Bond Funds for architectural and engineering services and construction costs in connection with the renovation of 20 Fire Department facilities (File 101-96-12). Because DPW had not selected contractors to perform the

renovation work for 17 of the 20 Fire Department facilities, the Board reserved a total of \$7,864,100 pending DPW's selection of contractors and submission of contract cost details. Current reserved funds are \$5,185,841. The proposed request would authorize the release of \$305,000 for the renovation of Fire Station No. 5, located at 1301 Turk Street, leaving \$4,880,841 on reserve.

According to Peter Wong of DPW, construction work estimated to cost \$502,726 for the renovation of Fire Station No. 5, consists of hazardous material abatement, mechanical and electrical system upgrades, increased disabled access in the public areas, and separate shower and locker facilities for male and female firefighters.

Budget: DPW has submitted an Attachment detailing the budget for the estimated \$502,726 in renovation costs, including subcontractor and alternate costs for Fire Station No. 5.

Comments: 1. Mr. Wong reports that Kin Wo Construction, Inc. was selected as the low bidder through an Invitation for Bids process. Kin Wo Construction's bid was \$502,726. The four firms which bid for this contract and their bid amounts are as follows:

<u>Bidders</u>	<u>Amount Bid¹</u>
Kin Wo Construction, Inc.	\$502,726
Thornfeldt Construction, Inc.	479,000
Svala Construction, Inc.	586,910
LC General Engineering & Construction, Inc.	636,100

2. The proposed request for release of reserved funds of \$305,000 for the renovation work is \$197,726 less than the total construction contract of \$502,726. According to Mr. Wong, the source of the additional \$197,726 would be previously appropriated 1992 General Obligation Fire Department Bond fund monies.

¹ The bid from Kin Wo Construction, Inc. was reduced by 10 percent during the City's selection process because of its MBE and WBE status. Kin Wo Construction's bid of \$502,726, less the 10 percent preference, or \$50,273, was adjusted to \$452,453, or \$26,547 less than the Thornfeldt Construction, Inc. bid of \$479,000.

Memo to Finance Committee

December 9, 1998 Finance Committee Meeting

Recommendation: Approve the release of reserved funds in the amount of \$305,000.

5450A - SFFD STATION 5 RENOVATION CONSTRUCTION CONTRACT COST BREAKDOWN

Prime Contractor WBE/MBE (38.77% of Base Bid)

Kin Wo Construction, Inc., General Contractor	\$185,598
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1. Base Bid

Subcontractors MBE (25.30% of Base Bid))

D & S Associates (Plumbing)	29,600	
W. L. Electrical (Elec.)	52,000	
Kwan Wo Ironwork (Steel)	17,000	
Joe Wang (Carpeting)	<u>22,500</u>	
		121,100

Subcontractors WBE (9.40% of Base Bid))

Doherty (Painting)	<u>45,000</u>	
		45,000

Subcontractors, Non-MBE/WBE (26.53% of Base Bid))

Orson. Mechanical (Flashing)	92,625	
Draperly Concepts	2,465	
Inter Space (Carpentry)	<u>31,900</u>	
		<u>126,990</u>
Subtotal - Base Bid Construction:		\$478,598

2. Additive Alternate:

Alternate 2 – Interior Painting /Related Work	\$24,128
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Subtotal:	<u>24,128</u>
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TOTAL CONSTRUCTION CONTRACT

\$502,726

FUNDING SOURCE:

1. 3rd Bond Sale Appropriation - Construction Reserve	\$305,000	This Request
2. Available/Approved Fund	<u>\$197,726</u>	
Total:	\$502,726	

Item 2 – File 98-1924

Department: Airport

Item: Resolution authorizing the Airport Commission to accept and expend a grant of \$11,458,450 from the Federal Aviation Administration for four airfield improvement projects.

Amount: \$11,458,450

Source of Funds: Federal Aviation Administration

Project: Airport Improvements Program (AIP) No. 98-01

Description: The proposed resolution would authorize the Airport to accept and expend grant funds from the FAA to assist in its Airport Improvement Program (AIP). The AIP provides for the reimbursement by the FAA of a portion of the cost of capital improvement projects. The proposed grant would fund 75 percent or \$11,458,450 of the total project cost of \$15,277,933. A required match, consisting of Airport revenues, would fund the remaining 25 percent or \$3,819,483 for the capital improvement projects identified on the attached map (Attachment I) as (1) System Control & Data Acquisition, (2) Taxiway 'F' Realignment Between Taxiways 'B' and 'L', (3) Taxiways 'A' and 'B' Reconstruction and Overlay, and (4) Field Lighting Control System Upgrade. The \$15,277,933 total cost of the four capital improvement projects would be expended as follows:

System Control and Data Acquisition (\$1,960,000)

This project, with a total cost of \$1,960,000 of which \$1,470,000 is to be funded by the FAA grant, will provide for a computerized data feedback system designed to augment and enhance the Airport's mainline electrical power distribution system, which includes the airfield lighting system. The purpose of this project is to establish better control of scheduled transfers of electrical power between the Airport's main circuits and therefore, achieve better coordination and emergency response.

BOARD OF SUPERVISORS

BUDGET ANALYST

Taxiway 'F' Realignment Between Taxiways 'B' and 'L' (\$6,250,000)

This project, with a total cost of \$6,250,000 of which \$4,687,500 is to be funded by the FAA grant, will provide for the construction and overlay of an alternate 2,100-foot Taxiway 'F' parallel to Runway 28L, connecting the existing Taxiway 'B' with the existing Taxiway 'F' at Taxiway 'L', together with all necessary and appurtenant work. The purpose of this project is to enhance the safe operations of departing aircraft encountering widebody aircraft congestion and to eliminate jet blast affects of aircraft turning onto the existing Taxiway 'F' in the vicinity of the International Terminal Boarding Area 'D', by providing a by-pass directly accessing Taxiway 'F' and widebody aircraft takeoff Runways 28R and 28L.

Taxiways 'A' and 'B' Reconstruction and Overlay (\$6,332,933)

This project, with a total cost of \$6,332,933 of which \$4,749,700 is to be funded by the FAA grant, will provide for the reconstruction and overlay of approximately 5,400 feet of Taxiways 'A' and 'B' adjacent to the Boarding Area 'F' aprons, between the crossover Taxiway 'D' and Taxiways 'S' and 'R', together with all the necessary and appurtenant work. The work will include excavation and replacement of sub-base¹ where sub-surface must be strengthened, as well as asphaltic concrete surface course. The purpose of this project is to enhance safety by strengthening and reconditioning the terminal apron boundary taxiways for aircraft entering the North Terminal aprons from the high-speed runway exit, as well as heavy cargo aircraft entering and leaving the Airport's north and west field cargo areas.

Field Lighting Control System Upgrade (\$735,000)

This project, with a total cost of \$735,000 of which \$551,250 is to be funded by the FAA grant, will provide for upgrading the speed and capacity of existing . The purpose of this project is to enhance the speed and capacity of the existing computerized field lighting control system in order to accommodate the proposed low

¹ Mr. Beier of the Airport states that sub-base is crushed aggregate (rocks) which sits below a cement-treated base, which is in turn covered by asphalt.

visibility ground control system, which would significantly improve operational safety and alleviate flight delays during periods of extreme low visibility caused by fog or rain.

Budget: A summary budget of the four capital improvement projects, as provided by the Airport, is as follows:

Administrative Overhead	\$150,000
Project Design Costs	1,060,000
Project Inspection Costs	1,060,000
Construction Contracts	<u>13,007,933</u>
Total	\$15,277,933

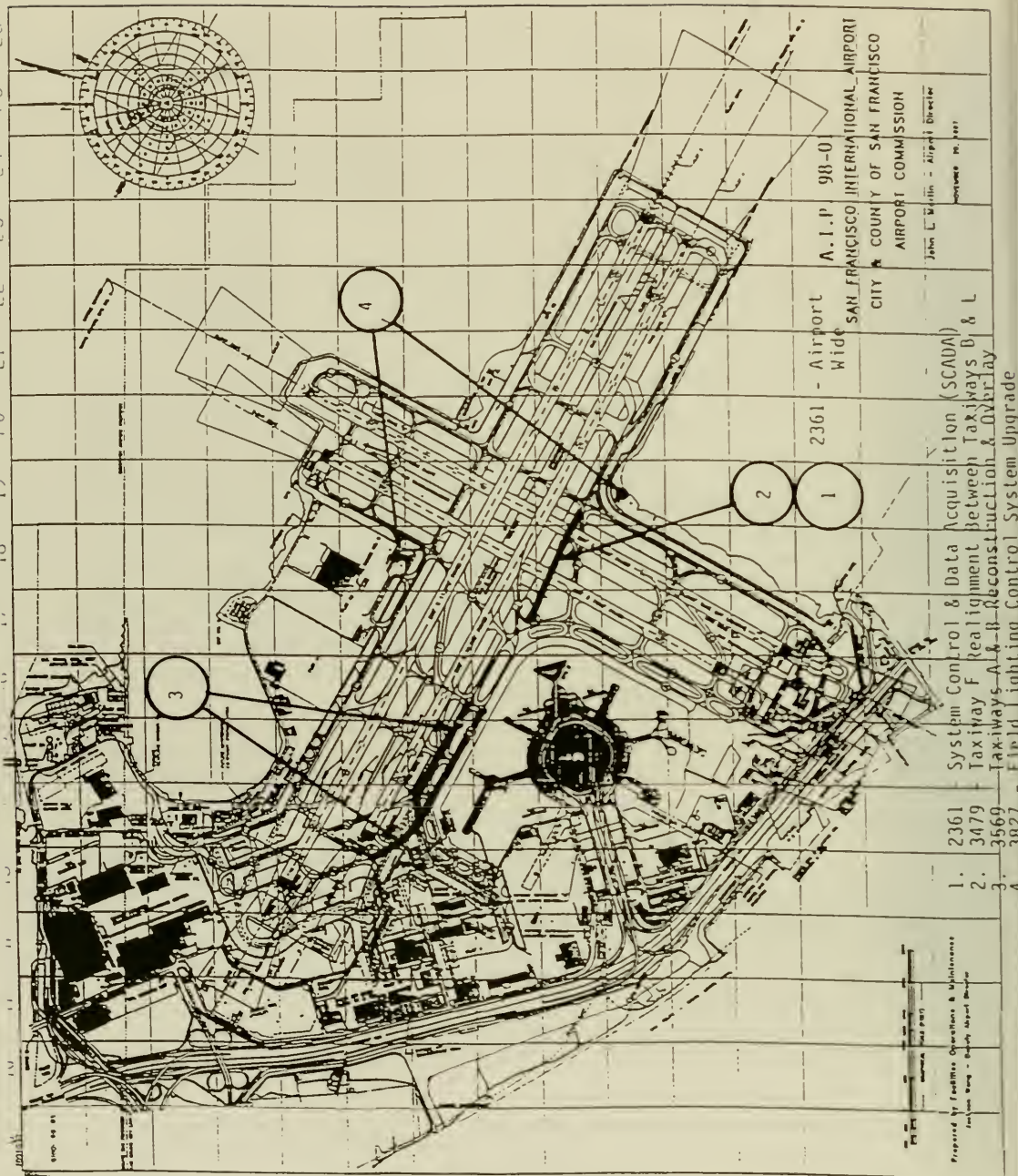
Mr. Beier of the Airport states that all project design and inspection will be performed by Airport staff, and that the finalized cost details for such design and inspection have not yet been developed (see Comment No. 1). Mr. Beier further states that contractors have not yet been selected for the four airfield improvement construction projects.

Required Match: \$3,819,483 in previously appropriated Airport revenue for capital improvements. The Airport does not match funds per se, but funds 25 percent of the project costs and is reimbursed for up to 75 percent of the total actual cost of design, inspection and construction costs of these capital improvement projects.

Comments:

1. Attachment II provided by Mr. Beier contains a preliminary budget for the total estimated project costs of \$15,277,933.
2. The Airport has completed a Disability Access Checklist, which is on file with the Clerk of the Board.

Recommendation: Approve the proposed resolution.



PART III — BUDGET INFORMATION — CONSTRUCTION

SECTION A — GENERAL

1. Federal Domestic Assistance Catalog No. 20.106
2. Functional or Other Breakout

SECTION B — CALCULATION OF FEDERAL GRANT

Cost Classification	Use only for revisions		Total Amount Required
	Latest Approved Amount	Adjustment + or (-)	
1. Administration expense	\$ 1%	\$	\$ 150,000
2. Preliminary expense			
3. Land, structures, right-of-way			
4. Architectural engineering basic fees	7%		1,060,000
5. Other architectural engineering fees			
6. Project inspection fees	7%		1,060,000
7. Land development			
8. Relocation Expenses			
9. Relocation payments to individuals and businesses			
10. Demolition and removal			
11. Construction and project improvement			13,007,933
12. Equipment			
13. Miscellaneous			
14. Total (Lines 1 through 13)			15,277,933
15. Estimated Income (if applicable)			
16. Net Project Amount (Line 14 minus 15)			15,277,933
17. Less: Ineligible Exclusions			
18. Add: Contingencies			-0-
19. Total Project Amt. (Excluding Rehabilitation Grants)			15,277,933
20. Federal Share requested of Line 19			11,458,450
21. Add Rehabilitation Grants Requested (100 Percent)			
22. Total Federal grant requested (Lines 20 & 21)			11,458,450
23. Grantee share			3,819,483
24. Other shares			
25. Total project (Lines 22, 23 & 24)	\$	\$	\$15,277,933

SECTION C - EXCLUSIONS

Classification	Ineligible for Participation (1)	Excluded from Contingency Provision (2)
76		
a.	\$	\$
b.		
c.		
d.		
e.		
f.		
g. Totals	\$	\$

SECTION D - PROPOSED METHOD OF FINANCING NON-FEDERAL SHARE

27. Grantee Share	\$ 3,819,483
a. Securities	
b. Mortgages	
c. Appropriations (By Applicant)	3,819,483
d. Bonds	
e. Tax Levies	
f. Non Cash	
g. Other (Explain)	
h. TOTAL - Grantee share	3,819,483
28. Other Shares	
a. State	
b. Other	
c. Total Other Shares	
29. TOTAL	\$ 3,819,483

SECTION E - REMARKS

PART IV PROGRAM NARRATIVE (Attach - See Instructions)

Item 3 – File 98-1951

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution approving the expenditure of funds for the emergency replacement of a structurally inadequate sewer on Oakhurst Lane from Warren Drive to Crestmont Drive.

Amount: \$72,710

Source of Funds: FY 1997-98 PUC Repair and Replacement Fund

Description: The PUC advises that on February 10, 1998 the sewer located on Oakhurst Lane from Warren Drive to Crestmont Drive failed, and immediate repairs were required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on February 11, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to J.F. Pacific Liners, Inc. in the amount of \$47,460.

Budget: The total estimated project cost is \$72,710, including \$46,060 in actual construction costs (or \$1,400 less than the bid amount; see Comment No. 2) and \$26,650 for DPW engineering and construction management costs.

A summary of this budget is as follows:

Construction Contract	\$46,060
DPW Bureau of Engineering	14,650
DPW Bureau of Construction Management	<u>12,000</u>
Total	\$72,710

Attachment I provided by the PUC provides the budget details to support this \$72,710 budget. Attachment II provided by the DPW details the DPW Bureau of Engineering and Bureau of Construction Management costs.

BOARD OF SUPERVISORS
BUDGET ANALYST

Comments:

1. Mr. P.T. Law of DPW reports that Invitations for Bid were submitted to twelve local contractors. None of the contractors submitted a bid because the work involved the use of special machinery. Because the collapsed sewer was located under an exterior staircase beside an apartment building, special machinery to reinforce the sewer by fitting a smaller pipe into the collapsed portion of the sewer was needed. Mr. Law advises that because DPW had not received any bids, DPW requested a quote from J.F. Pacific Liners, Inc. which according to Mr. Law was the only contractor licensed on the West Coast to use this special machinery. J.F. Pacific Liners, Inc. subsequently submitted a bid for the emergency replacement of the sewer on April 3, 1998 in the amount of \$47,460.

2. PUC reports that although the contract, as awarded to J.F. Pacific Liners, Inc. was for \$47,460, the final contract costs after adjustment for actual quantities used during construction was for \$46,060 or \$1,400 less than the contract amount of \$47,460.

3. PUC reports that work on the damaged sewer began on April 14, 1998 and was completed on July 3, 1998.

4. Mr. Law advises that due to various delays in receiving expenditure documentation from the contractor, the PUC is requesting approval of the resolution approximately five months after the construction work was completed.

Recommendation: Approve the proposed resolution.

98-0281



AGENDA ITEM

DEPARTMENT: Utilities Engineering BureauAGENDA NO. 16MEETING DATE November 10, 1998

SUMMARY OF PROPOSED ACTION:

Ratification of the Declaration of Emergency by the President of the Public Utilities Commission for Clean Water Contract No. CW-168, "Oakhurst Lane Emergency Sewer Replacement" and Requesting the Board of Supervisors to Approve the expenditure of funds for emergency work to repair the structurally inadequate sewer on Oakhurst Lane from Warren Drive to Crestmont Drive.

DESCRIPTION OF PROPOSED ACTION:

The work performed under this Emergency consisted of internally repairing 10 linear feet of VCP main sewer, lining the existing 12 and 18-inch diameter sewer with Folded Polyvinyl Chloride (PVC) Pipe; sewer flow diversion for the internal repair work, mobilization and traffic routing work, and all related and incidental work on Oakhurst Lane from Warren Drive to Crestmont Drive. This work included all planning, design, and construction support services (under Job Order No. 1591N).

Invitations for quotations were faxed to twelve (12) Contractors on February 24, 1998.

APPROVALS:

DEPARTMENT/
BUREAUUTILITIES ENGR.
BUREAUCOMMISSION
SECRETARYEverett HintonRomaine A. BoldridgeFINANCE Steven CarmichaelGENERAL
MANAGER

A handwritten signature in dark ink, appearing to be "C. H. Carmichael", written over a horizontal line.

Quotations were received from one (1) firm on April 3, 1998 as follows:

Contractor	Amount	Quote
1. J. F. Pacific Liners, Inc. 70 Union Way Vacaville, CA 95687		\$47,460.00

Work is of lump sum and unit bid item type.

The Engineer's Estimate for this contract was \$56,496.00. The contract was awarded to J. F. Pacific Liners, Inc. was for \$47,460.00. The final contract cost after adjustment for actual quantities used during construction is \$46,060.00.

Therefore, the cost of this project is estimated to be \$72,710:

Bureau of Engineering (Planning, Design, and Construction Support)	\$14,650
Bureau of Construction Management (Construction Inspection)	\$12,000
<u>Final Construction Contract Cost</u>	<u>\$46,060</u>
Total Project Cost Estimate	\$72,710

This project is part of the Clean Water Program's continuing Sewer Repair and Replacement Program. Funds are available from the R&R Fund (Fund 5C/CPF/R&R, FAMS Project No. CENRNR958, J.O. No. 1591N).

Affirmative Action

Because this was an emergency contract, no subcontracting goals were established.

Schedule

J. F. Pacific Liners, Inc. began work on April 14, 1998 and ended on July 3, 1998.

CONTEXT OF THIS ACTION:

On February 10, 1998, PUC Sewer Operations notified the Hydraulic Engineering Section of the Bureau of Engineering that the existing joints to the 12-inch and 18-inch diameter sewer located on Oakhurst lane between Crestmont Drive and Warren Drive are broken, and the sewer has separated sections. Sewer Operations further requested the Bureau of Engineering to prepare an emergency contract to repair this sewer.

Letters informing the UEB Manager, the PUC President, the Mayor, the Controller, and the Board of Supervisors of the emergency situation were sent on February 11, 1998. The President of the PUC has signed the Declaration of Emergency.

The Bureau of Engineering prepared the plans and specifications for this emergency contract.

Attachments:

1. Resolution
2. Draft Board of Supervisors Resolution

Contact Person: Mr. Norman Chan Phone: 554-8355

cc:	P. Law	W. Lee	C. Tang	M. Williams
	C. Jacobo	F. Bongolan	B. Lim	P. Scott

**Cost Breakdown for (J.O. #1591N, Contract #CW-168)
Oakhurst Lane Emergency Sewer Replacement**

Bureau of Engineering

Classification	Title	Rate	Hours	Cost
5504	Project Manager II	\$ 52	8	\$ 552
5208	Associate Civil Engineer	\$ 75	32	\$ 2,400
5202	Junior Civil Engineer	\$ 50	78	\$ 3,800
5368	Civil Engineering Associate II	\$ 60	91	\$ 5,480
5381	Engineering Student Trainee II	\$ 33	27	\$ 891
1428	Secretary	\$ 43	36	\$ 1,548
				\$ 14,651
			Rounded:	\$ 14,550

Bureau of Construction Management

Classification	Title	Rate	Hours	Cost
5210	Senior Civil Engineer	\$ 100	6	\$ 600
5208	Civil Engineer	\$ 80	12	\$ 960
5204	Assistant Civil Engineer	\$ 59	98	\$ 5,782
5318	Construction Inspector	\$ 74	63	\$ 4,662
				\$ 12,004
			Rounded:	\$ 12,000

Item 4 – File 98-1953

Departments: Department of Real Estate (DRE)
Department of Public Health (DPH)

Item: Resolution authorizing a new lease with Yee Keung Siu, Mee Jing Siu, and Burton Siu of a one story office building at 1760 Ocean Avenue in San Francisco for OMI Family Center of the Community Mental Health Division of the Department of Public Health

Location: 1760 Ocean Avenue, San Francisco

Purpose of Lease Agreement: To provide space for the operation of the OMI Family Center of the Mental Health Division of the Department of Public Health

Lessor: Yee Keung Siu, Mee Jing Siu, and Burton Siu

Lessee: City and County of San Francisco

No. of Sq. Ft. and Cost Per Month: The proposed leased space consists of approximately 8,500 square feet, to be leased at a base rental rate of \$13,000 per month, or \$1.53 per square foot per month. The base rental rate of \$13,000 would remain fixed for the entire five years of the initial term. The City would pay its pro rata share in any operating expenses increases occurring over the base term.

Annual Payment by Lessee: The annual base rental payment by the DPH would be \$156,000.

Tenant Improvements: According to Mr. Steve Alms of the DRE the lessor will make tenant improvements estimated to cost \$195,000, and the City is to reimburse the lessor \$25,000 for such improvements.

Utilities and Janitorial Services By Lessor: The lessor would pay for all services to the building, including utilities and janitorial services, except for

separately metered electric services which would be paid by the City.

Term of Lease: The proposed lease would commence on the later of the date of completion of tenant improvements (expected on or about March 1, 1999) or upon approval by the Board of Supervisors and the Mayor. The proposed lease would expire February 28, 2004, for a term of five years.

Right of Renewal: The City would have the option to extend the term for an additional two periods of five years each at 95% of the fair market rent. Mr. Steve Alms of the DRE advises that the fair market rent would be determined through mutual negotiations between the City and the lessor.

Source of Funds: According to Ms. Monique Zmuda, Chief Financial Officer, the funds for the proposed lease were approved in the FY 1998-1999 budget of the DPH. Ms. Zmuda reports that 50% of the funds is Short Doyle/Medi-Cal and 50% General Fund monies.

Description: **Current Operation of the OMI Family Center**

Ms. Peg Hickox, Director of the OMI Family Center, explains that the OMI Family Center, currently operating at 2335 Ocean Avenue, is a mental health clinic within the DPH that provides community mental health services for a broad range of clients of all ages. Currently, OMI Family Center uses approximately 5,000 square feet, and leases the space at 2335 Ocean Avenue at \$1.18 per square foot. Such space is too small for the OMI Family Center's function and fails to meet wheelchair-accessible requirements under Americans with Disability Act (ADA). Moreover, the current space at 2335 Ocean Avenue is part of a building that was sold in July of 1998, and the new owner of the building plans to use the building for other purposes and has given notice to OMI Family Center that the OMI Family Center must vacate the premises.

Specialized Tenant Improvements

As previously noted, the City will reimburse the lessor \$25,000 for specialized tenant improvements in the proposed space, under the terms of the proposed lease agreement. Such specialized alterations are unique to

OMI Family Center and include sound insulation to the walls, plumbing, case work or cabinetry, medicine-dispensing room, and private counseling offices with locking hardware.

Utilization of Proposed Space

The OMI Family Center provides its services using 60 service providers, including 23 FTE staff employees, 10 FTE trainees, and contract positions. Ms. Hickox reports that no change in this roster is anticipated for the OMI Family Center operation at the proposed leased space.

According to Ms. Hickox, OMI Family Center provides its services to 650 clients. In the proposed leased space which comprises approximately 8,500 square feet, each of the 60 providers would have an average of 142 square feet. However, space would be allocated for group meeting rooms, reception/waiting areas, medication services areas, and individual counseling offices to serve OMI Family Center's 650 clients.

Comments:

1. Mr. Alms advises that the proposed rent of \$1.53 per square foot represents fair market value.
2. According to Ms. Hickox, the following criteria were used to select the proposed space: the total square footage, the accessibility of the OMI Family Center to its clients, and public streetcar transportation within the same neighborhood, as many of OMI Family Center's clients do not have their own forms of transportation. The proposed space fulfills all criteria, as it would provide adequate space, is accessible to OMI Family Center's clients, and is located on the K Streetcar line.

Recommendation: Approve the proposed resolution.

Item 5 - File 98-2015

Department: Department of Human Resources (DHR)

Item: Ordinance implementing the provisions of an amendment to the Memorandum of Understanding (MOU) between the Municipal Executives Association for bargaining units M, EM and MSA and the City and County of San Francisco to amend Appendix E of the MOU by adding Classes 1682 and 5156 and the titles of Controller and Division Manager of Suburban Operations to the list to correct a clerical omission and to amend Appendix F of the MOU by adding Class 9278 and the title of Director of Airports to the list to correct a clerical omission.

Description: The proposed ordinance would correct reported clerical errors to Appendix E and Appendix F of the MEA MOU, which was approved in June of 1998 by the Board of Supervisors, for the three-year period from July 1, 1998 through June 30, 2001. The MEA MOU contained provisions for internal adjustment procedures. Appendix E identified those general City positions that were eligible to receive such adjustments and Appendix F identified those specific Airport positions that were eligible to receive such internal adjustments.

File 98-1876 of this report is a proposed ordinance to implement the provisions of the MEA MOU to provide internal adjustments for 19 classifications covering 43 employees. However, as discussed in the Budget Analyst's report on File 98-1876, three of the classifications proposed to receive internal adjustments were not included in Appendix E or Appendix F of the previously approved MOU, which identified those positions eligible to receive internal adjustments. These three omitted classifications include: (1) 1682 Controller, (2) 5156 Division Manager of Suburban Operations and (3) 9278 Director of Airports. This proposed ordinance would amend this previously approved MEA MOU to include these three classifications on these appropriate appendices.

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance Committee
December 9, 1998 Finance Committee Meeting

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 6 - File 98-1876

Note: This item was continued from the December 2, 1998 Finance Committee Meeting.

Department: Department of Human Resources (DHR)

Item: Ordinance implementing the provisions of an amendment to the Memorandum of Understanding (MOU) between the Municipal Executives Association and the City and County of San Francisco pursuant to Article III.E.3, Subsections (B.1) and (E) of the MOU, to provide internal adjustments for the time period beginning July 1, 1998 through June 30, 2001.

Description: In June of 1998, the Board of Supervisors approved an MOU with the Municipal Executives Association (MEA) for the three-year period from July 1, 1998 through June 30, 2001. This MEA MOU contained provisions for an internal adjustment procedure, which authorized the City to allocate up to \$325,000 to pay internal wage adjustments over the three-year life of the agreement. The standards established in the MEA MOU to grant such internal adjustments were as follows: (1) the basic wage for the classification is below the prevailing wage level in the relevant labor market as demonstrated by verifiable salary data, and/or (2) there is an ongoing and demonstrable recruitment and/or retention problem, and/or (3) traditional salary relationships, which continue to be justified, have been substantially altered, and/or (4) either the duties, responsibilities and/or minimum requirements for a classification have been altered significantly as reflected in either the class description or the most recent exam announcement. The MEA MOU granted internal adjustments to 16 classifications covering 19 positions as of July 1, 1998. In addition, the MOU stated that the City and the MEA would attempt to reach agreement on internal adjustments for 39 other classifications identified in Appendix E of the MOU by September 30, 1998.

The MEA MOU, previously approved by the Board of Supervisors, also contained a specific section addressing Airport Internal Adjustments. This section stated that the San Francisco International Airport was undertaking a classification/compensation study and that the Director of Human Resources, upon recommendation of the Director of Airports, would be authorized to make internal adjustments, not to exceed one percent of the Airport's permanent salary budget for FY 1998-99, which the Controller's Office determined to be \$92,692. This section also stated that the Airport's internal adjustments would be limited to those classifications that were specified in Appendix F of the MOU.

The proposed ordinance would implement the provisions of this previously approved MOU, to provide internal adjustments for 19 additional classifications, which represents 43 employees, for the three-year time period retroactive from July 1, 1998 through June 30, 2001.

Attachment 1, provided by DHR, identifies 18 of the 19 classifications, and 42 of the 43 positions, that would receive the proposed internal adjustments in pay. Attachment 1 also contains (1) the percent of the proposed increase for each classification, (2) the maximum biweekly and annual pay rates for each classification before the internal adjustment, (3) the maximum biweekly and annual pay rates for each classification after the internal adjustment, and (4) the annualized three year cost of the proposed increase in pay. As shown in Attachment 1, the proposed increases for the internal adjustments range from a two percent increase for the 5131 Bureau Chief of the Department of Public Works to a 12.5 percent increase for the 5156 Division Manager of Suburban Operations for the Public Utilities Commission. Attachment 1 also identifies a total salary cost for the third year of the MOU in the amount of \$324,261 for the proposed internal adjustments, which includes a salary cost of \$104,428 for the internal adjustments approved on July 1, 1998 and the salary cost of \$219,833 for the internal adjustments currently being proposed.

The one classification and position that is not included in Attachment 1 is 9278, the Director of Airports. The Director of Airports is proposed to receive an 18.7 percent internal adjustment, which is the highest increase proposed. Such an increase would result in the Director of Airports' annual salary increasing from the current \$147,178 to \$174,661, an annual salary increase of \$27,483.

Comments:

1. In addition to the proposed internal adjustment increases to salaries for these 19 classifications, which range from two percent to 18.7 percent, all classifications and employees in the MEA received a three percent increase in salaries, effective as of October 3, 1998.

2. Attachment 2, provided by the Department of Human Resources, identifies the reasons for the internal adjustments for each of the 18 classifications, excluding the Director of Airports, based on the standards identified in the MEA MOU. Ms. B. J. Dix of the Department of Human Resources reports that the increase in the Director of Airports' salary was based on the Airport's classification/compensation study.

3. As required by the MEA MOU, the proposed internal adjustment increases would be retroactive to July 1, 1998 for all of the proposed classifications, except for the Director of Airports, for which the proposed increase would be prospective.

4. As shown in Attachment 3, the Controller's Office reports that the proposed ordinance would result in estimated incremental costs of approximately \$270,800 for salary and fringe benefits for these 19 classifications over the three-year period of this MOU. According to Ms. Peg Stevenson of the Controller's Office, these amounts were previously included in the City's projections and cost analysis.

5. According to Mr. John Madden of the Controller's Office, the Salary and Benefit Reserve of \$6,257,587 approved in the FY 1998-99 budget is the source of funds for the proposed General Fund supported salary and benefit expenses. Mr. Madden notes that increases

BOARD OF SUPERVISORS
BUDGET ANALYST

in salaries and benefits of non-General Fund positions, such as the Director of the Airport, would be paid from non-General Fund revenues. Mr. Madden reports that the current balance in the Salary and Benefit Reserve account is \$3,868,662.

6. Appendix E and Appendix F of the MEA MOU, as previously approved by the Board of Supervisors, lists the specific classifications which are authorized to receive an internal adjustment. These appendices do not provide authorization for three classifications, (1) 1682, Controller, (2) 5156, Division Manager of Suburban Operations, and (3) 9278 Director of Airports to receive internal adjustments during the three-year MOU period. However, this proposed ordinance recommends implementing internal adjustments of 11 percent for the Controller, 12.5 percent for the Division Manager of Suburban Operations and 18.7 percent for the Director of Airports.

Although these three positions were not authorized to receive any internal adjustments pursuant to this subject MOU, which was previously approved by the Board of Supervisors, according to Mr. Geoff Rothman of the Department of Human Resources, these three classifications were omitted from the appendices on the previously approved MEA MOU, due to clerical errors. Mr. Rothman reports that the MEA and the City have mutually agreed to provide the proposed internal adjustments for these three classifications.

7. Mr. Ted Lakey and Ms. Michele Modena of the City Attorney's Office report that since these three positions were not included in Appendix E or Appendix F of the MEA MOU, which listed those positions authorized to receive internal adjustments, the proposed internal adjustments for these three positions cannot be approved, unless the MEA MOU is amended to include these three positions in the appropriate appendices. File 98-2015 of the December 9, 1998 Finance Committee calendar is a proposed ordinance to amend the MEA MOU to include these three positions on the appropriate appendices. Therefore, if the Board of Supervisors decides to

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BUDGET ANALYST

approve internal adjustments for all of the proposed 19 classifications, the Board of Supervisors should first approve File 98-2015, which would amend the MEA MOU to include the three omitted classifications on the appropriate appendices.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

MEA Internal Adjustments

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Class Title	Budgeted Proposed Positions	Increase	9/30/00 before adj		9/30/00 with adj		Cost Year 3		
			Sched	Step 5	Annual	Sched		Step 5	Annual
1120 Director of Animal Care	1	5.00%	73.45	\$3,000	\$104,348	74.45	\$4,107	\$108,542	\$5,104
1125 Division Manager, Registrar of Voters	4	3.00%	65.30	\$2,085	\$70,078	65.00	\$2,704	\$72,140	\$8,244
1132 County Clerk/Recorder	1	5.00%	70.70	\$3,493	\$91,167	71.70	\$3,008	\$95,735	\$4,508
1002 Controller	1	11.00%	0.00	\$5,780	\$150,858	0.00	\$0,441	\$160,110	\$17,252
1043 Exec Dir, SE Community Facility Commission	1	8.00%	83.70	\$2,483	\$84,808	86.30	\$2,085	\$70,078	\$5,273
2025 Chief, Medical Social Services	1	3.26%	66.86	\$2,896	\$75,560	67.50	\$2,989	\$78,013	\$6,477
4349 Director of Real Estate, Tax Collector	1	8.00%	64.30	\$2,667	\$68,738	65.60	\$2,711	\$70,767	\$4,019
4308 Director, Bureau of Delinquent Revenue	1	5.00%	87.20	\$2,940	\$70,091	88.20	\$3,093	\$80,727	\$3,838
5104 Public Bldgs Maint & Repair Superintendent	1	5.00%	72.40	\$3,799	\$99,164	73.40	\$3,088	\$104,113	\$4,959
5131 Bureau Chief, DPW	2	2.00%	75.80	\$4,484	\$117,032	76.20	\$4,570	\$119,277	\$4,480
5138 Superintendent of Street and Sewer Repair	1	5.00%	72.40	\$3,798	\$99,154	73.40	\$3,988	\$104,113	\$4,969
6166 Division Manager, Suburban Operations	1	12.50%	73.30	\$3,968	\$103,513	75.80	\$4,404	\$117,032	\$13,519
5182 Water Purification Division Manager	1	10.00%	73.90	\$4,092	\$100,540	75.90	\$4,500	\$117,450	\$10,910
6170 Street Cleaning & Planting Superintendent	1	5.00%	72.40	\$3,799	\$99,164	73.40	\$3,988	\$104,113	\$4,960
6212 Principal Engineer	10	4.50%	74.10	\$4,128	\$107,741	75.00	\$4,311	\$112,517	\$90,744
9367 Maritime Operations Manager	1	7.00%	64.20	\$2,545	\$60,425	65.00	\$2,720	\$71,149	\$4,724
9382 Govt & Public Affairs Manager, Port	1	8.00%	80.90	\$3,199	\$93,494	70.50	\$3,460	\$90,300	\$8,812
9380 Senior Property Manager, Port	3	0.75%	07.10	\$2,933	\$78,551	09.05	\$3,220	\$84,199	\$22,944
Total:	42				Subtotal				\$219,833
Internal Adjustments Granted 7/1/98									\$104,428
Total:									\$324,281

ppointment is at Step 3 of the range

- Appointment is at Step 3 of the range

* Reflects only the salary costs for the 18 classifications, excluding the Director of Airports, as compared to the Controller's estimated cost of \$270,800 for both salary and fringe benefits for all 19 classifications, annualized over the three years of the MDU.

City and County of San Francisco



Department of Human Resources

Attachment 2

ANDREA R. GOURDINE
HUMAN RESOURCES DIRECTOR

MEMORANDUM

TO: Deborah Newman
Budget Analyst
Board of Supervisors

THROUGH: Geoffrey L. Rothman
Director of Employee Relations
Employee Relations Division

FROM: Janet Bosnich-Seijas
Compensation Manager
Compensation Program/ Employee Relations Division

RE: MEA Internal Adjustments Submission Standards

The MEA Internal Adjustments are based on the standards set forth below:

1. The basic wage for the classification is below the prevailing wage level in the relevant labor market; as demonstrated by verifiable salary data; and/or
2. There is an ongoing and demonstrable recruitment and/or retention problem; and/or
3. Traditional salary relationships, which continue to be justified, have been substantially altered; and/or
4. Either the duties, responsibilities, and/or minimum requirements for a classification have been altered significantly as reflected in either the class description or the most recent exam announcement.

<u>Class Title</u>	<u>Standard(s) Used</u>
1120 Director of Animal Care	1
1125 Division Manager, Registrar of Voters	1, 2, 4
1132 County Clerk/Recorder	4
1682 Controller	1
1843 Exec Dir., SE Community Facility Commission	3,4
2925 Chief, Medical Social Services	1,4
4349 Director of Real Estate, Tax Collector	1,3,4
4368 Director, Bureau of Delinquent Revenue	1,3,4
5104 Public Bldgs Maint. & Repair Superintendent	3
5131 Bureau Chief, DPW	3
5136 Superintendent of Street and Sewer Repair	3
5156 Division Manager, Suburban Operations	1,4
5162 Water Purification Division Manager	1,4
5170 Street Cleaning & Planting Superintendent	3
5212 Principal Engineer	3
9357 Maritime Operations Manager	1,3,4
9382 Govt. & Public Affairs Manager, Port	1,4
9386 Senior Property Manager, Port	1,2,3,4



November 19, 1998

Ms. Gloria L. Young, Clerk of the Board
Board of Supervisors
401 Van Ness Avenue
San Francisco, CA 94102

RE: Municipal Executives Association MOU, File No. 98-1876

Dear Mr. Taylor:

In accordance with Ordinance 92-94, I am submitting a cost analysis of an amendment to the Memorandum of Understanding between the City and County of San Francisco and the Municipal Executives Association. The agreement covers the period July 1, 1998 through June 30, 2001, and affects approximately 43 employees with a salary base of approximately \$3.9 million.

Based on our analysis, the agreement will result in estimated incremental costs of approximately \$259,000 in FY 1998-99, \$5,800 in FY 1999-00, and \$6,000 in FY 2000-01. The agreement will result in a cost increase above the base salary amount of approximately 6.48% in FY 1998-99.

Please note that the total dollar amount for the internal adjustments implemented by this amendment was provided for in the Municipal Executives Association MOU as it was approved by the Board of Supervisors in June of this year. The amounts listed above were contained in the cost analysis provided by the Controller at that time (letter of June 5, 1998), and have been anticipated in our projections.

If you have any additional questions or concerns please contact John Madden at 554-7500.

Sincerely,

Edward M. Harrington
Controller

cc: Vicki Rambo, ERD
Harvey Rose, Budget Analyst

Item 7 – File 98-1707

Department: Department of Parking and Traffic

Item: Ordinance amending Section 2A.180 of the San Francisco Administrative Code, granting Department of Parking and Traffic (DPT) authority to sell gift certificates for payment for parking at City-owned parking garages.

Description: Current Functions and Duties of DPT

Section 2A.180(a)(8) of the Administrative Code currently provides that:

“The Department of Parking and Traffic shall be responsible for the day to day operation of the affairs placed under its jurisdiction, including but not limited to the following functions and operations:

[p]arking ticket enforcement, parking control officers, parking offense towing, scofflaw programs, the maintenance of information on the issuance and disposition of parking citations and maintenance of liaison with the municipal court.”

Proposed Amendment to SF Administrative Code

The proposed ordinance amends Section 2A.180 to permit DPT to sell gift certificates to serve as payment for parking at City-owned parking garages.

Comments: 1. **Implementation of Amended Provision**

According to Ms. Julia Dawson of DPT, while the details of implementing the gift certificate parking program have not yet been finalized, the gift certificates would likely be sold in \$25 booklets of coupons, with each coupon having a cash value of \$1. Customers who park at a City-owned garage would pay for their parking charges by using the coupons. Customers will be given change if the value of the coupons used exceeds the total amount due for any

given time period of parking. Payment may consist of a combination of coupons and cash.

Gift certificates would be sold at the 17 City-owned parking garages and at the Citation Division of the Department of Parking and Traffic, located at 1380 Howard Street, where DPT accepts payments for parking citations. All of these locations are equipped with cashiering ability. Attachment 1 provided by Ms. Dawson is a list of the 17 City-owned parking garages and the location of each garage.

2. Fiscal Impact

According to Ms. Dawson, DPT collects \$18,083,960 in parking revenues from the 17 City-owned parking garages. DPT does not anticipate parking revenues to decrease based on the sale of gift certificates. However, either an increase in revenue, which cannot be estimated at this time, or a revenue-neutral impact is possible, according to Ms. Dawson. Furthermore, Ms. Dawson does not anticipate any increase in parking garage operating costs as a result of the proposed gift certificate parking program.

3. Undetermined Impact on Traffic and Garages

According to Ms. Dawson, the impact on traffic flow and garage use in the City from the sale of gift certificates for the 17 City-owned parking garages cannot be determined at this time.

Possible effects on the use of vehicles and of garages are analyzed under three scenarios:

Scenario 1: Increased Use of City Garages

One possible consequence is that the availability and sale of gift certificates may draw existing customers of privately-operated parking garages to City-owned garages, with no substantial change in existing level of vehicle use. According to Ms. Dawson, the sale of gift certificates for city garages may bring greater awareness

of the locations, proximities to various recreational and shopping areas, and rates of city garages for those who currently drive.

Scenario 2:
No Change in Garage Use or Vehicle Use

A second possible consequence is that the gift certificates will be used by current drivers to substitute cash payments, again neither encouraging nor discouraging drivers in their current level of vehicle use.

Scenario 3:
Increase in Both Garage Use and Vehicle Use

A third possible result is that the sale of gift certificates could increase both garage use and vehicle use. This could occur if the gift certificates are used by gift recipients who would not have otherwise used the City-owned parking garages. Such users would include those persons who would not drive at all if they would have to pay their own parking fees.

According to Mr. Bill Wycko of the Planning Department, despite a strong correlation between parking costs and the decision to drive, where the choice to drive exists, the use of gift certificates would likely pose a negligible change in the current level of vehicle use in the City. According to both Ms. Dawson and Mr. Wycko, most recipients of the gift certificates of parking would likely be those who would drive in any event.

According to Mr. Wycko, studies in the early 1990's have shown that half the workforce who drive into the downtown area as their daily commute enjoy parking privileges without paying for their own parking costs. Indeed, the more problematic type of traffic behavior is not vehicle use for discretionary or shopping trips, but rather, commuters driving to work on a habitual basis as a chosen alternative to mass transit. According to Mr. Wycko and Ms. Dawson, however, the rates at City-owned parking garages are oriented to create incentives for parking based on short-term, discretionary trips, and disincentives for parking based on longer-term, work-

related trips. According to Ms. Dawson, no changes in the individual rates would be made on the basis of the proposed new gift certificate parking program.

4. Positive Impact For Merchants in City

According to Ms. Dawson, one purpose of the gift certificate parking program will be to decrease shoppers' growing reliance on stores outside of San Francisco. By permitting shoppers another method of meeting their parking needs through the use of the proposed gift certificates, the proposed ordinance should assist in attracting and retaining shoppers to merchants doing business within San Francisco City limits and enhance the commercial viability of business enterprises in the City.

Recommendations:

1. Approval of the proposed ordinance is a policy matter for the Board of Supervisors.
2. If this ordinance is approved, the Budget Analyst recommends that DPT be required to report back to the Board of Supervisors within one year regarding the results of this proposed new program.



City and County of San Francisco



WILLIE LEWIS BROWN, JR., Mayor
STUART R. SUNSHINE, EXECUTIVE DIRECTOR

Department of Parking and Traffic City Parking Garages

<u>Garage</u>	<u>Address</u>	<u>Operator</u>	<u>Number of Spaces</u>	<u>Budget FY 1998/99</u>
1. Civic Center	355 McAllister Street	Ampco System Parking	840	\$755,000
2. Ellis & O'Farrell *	123 O'Farrell Street	Ampco System Parking	925	\$701,000
3. Fifth & Mission *	833 Mission Street	City Park	2,622	\$450,000
4. Golden Gateway	250 Clay Street	5 Star Parking	1,095	\$2,532,422
5. Japan Center *	1660 Geary Boulevard	Ampco System Parking	850	\$0
6. Lombard Street	2055 Lombard Street	Pacific Park Management	205	\$68,152
7. Mission - Bartlett	3255 21st Street	S&F/MEDA	350	\$49,420
8. Moscone Center	255 Third Street	ABC Parking	732	\$866,327
9. Performing Arts	360 Grove Street	ABC Parking	612	\$581,600
10. Polk-Bush	1399 Bush Street	City Parking Company	129	\$65,400
11. Portsmouth *	733 Kearny Street	City Park	501	\$689,749
12. San Francisco General Hospital	2500 24th Street	Pacific Park Management	1,701	\$582,451
13. St. Mary's Square	433 Kearny Street	Parking Concepts Inc.	828	\$696,000
14. Sutter Stockton *	444 Sutter Street	Ampco System Parking	1,865	\$3,827,550
15. Union Square	333 Post Street	City Park	1,100	\$3,569,900
16. Vallejo Street	766 Vallejo Street	City Parking Company	163	\$504,786
17. 1660 Mission	1660 Mission Street	Convenience Parking	59	\$0

* Non-Profit Garages

Item 8 – File 98-1811

Department: Department of Human Resources

Item: Ordinance amending Article II, Section 10.25-12 of the San Francisco Administrative Code to increase the settlement limitations for individual grievance claims to \$50,000 per claimant and \$50,000 for class grievance claims.

Description: Article II, Section 10.25.12 of the San Francisco Administrative Code currently authorizes the Human Resources Director to settle, without subsequent approval by the Board of Supervisors, any pending or future grievance filed pursuant to a valid memoranda of understanding in an amount not to exceed \$10,000 for an individual claim and \$50,000 for a class claim involving multiple employees.¹

In addition, this section authorizes appointing officers to settle, without subsequent approval by the Board of Supervisors, grievances filed pursuant to valid memoranda of understanding in an amount not to exceed the equivalent of 45 days of a grieving employee's compensation.

All settlements pursuant to this section must be in accordance with the policies and procedures of the Department of Human Resources and require the approval of the City Attorney and certification by the Controller of the existence of sufficient funds to pay the settlement.

Article II, Section 10.25.12 of the Administrative Code also requires the Human Resources Director to provide the Board of Supervisors Finance Committee with a quarterly report of all final settlements covered by this section of the Administrative Code.

Approval of the proposed ordinance would amend the Article II, Section 10.25.12 of the San Francisco

¹ According to Ms. Alice Villagomez of the Department of Human Resources, individual claims settled above \$10,000 and class claims settled above \$50,000 require subsequent approval by the Board of Supervisors.

Administrative Code by increasing the settlement limitation from \$10,000 to \$50,000, for individual grievance claims filed pursuant to a valid memoranda of understanding and settled by the Human Resources Director, without subsequent approval by the Board of Supervisors. Ms. Alice Villagomez of the Department of Human Resources advises that the existing \$50,000 settlement limitation for class grievance claims would remain the same if the proposed ordinance is approved.

The attached memorandum, provided by Ms. Villagomez, explains the basis for the requested increase in the settlement limitation for individual grievance claims that are settled by the Human Resources Director without the requirement for subsequent approval by the Board of Supervisors. In this memorandum, referring to the proposed settlement limitation increase, Ms. Villagomez states that "Increasing the settlement authority from \$10,000 to \$50,000 for individual grievances will promote a uniform and expeditious processing of all grievance settlements involving settlements up to the \$50,000 cap."

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

City and County of San Francisco



Department of Human Resources

ANDREA R. GOURDINE
HUMAN RESOURCES DIRECTOR

November 20, 1998

TO: Harvey Rose
Budget AnalystFROM: Alice Villagomez
Deputy Director, ERD

RE: File No. 98-1811

The proposed amendment to the S.F. Administrative Code will provide for the cap on the settlement authority for an individual grievance to be brought up to the same settlement authority level as is currently provided for a class grievance.

Increasing the settlement authority from \$10,000 to \$50,000 for individual grievances will promote a uniform and expeditious processing of all grievance settlements involving settlements up to the \$50,000 cap.

This proposed amendment is also in keeping with the fiscal and administrative efficiency initiatives adopted by the Board of Supervisors within the last year.

Please call me should you have any further questions.

Item 9 – File 98-1848

Department: Assessment Appeals Board

Item: Ordinance amending Chapter 2B, Section 2B.1 through 2B.8 and 2B.10 through 2B.14 of the San Francisco Administrative Code to increase the number of Assessment Appeals Board members, to establish eligibility requirements for Assessment Appeals Board members, to establish criteria for selection of Assessment Appeals Board panels and hearing officers, to establish guidelines for joint meetings of the Assessment Appeals Boards, and to make non-substantive clarifying revisions.

Description: The proposed ordinance would amend Chapter 2B, Sections 2B.1 through 2B.8 and 2B.10 through 2B.14 of the City's Administrative Code to (1) increase the overall membership of the two Assessment Appeals Boards by one from 15 members to 16 members, (2) establish new eligibility requirements for members of the Assessment Appeals Board, (3) establish different criteria for selection of Assessment Appeals Board panels and hearing officers, (4) establish guidelines for joint meetings of the Assessment Appeals Boards, and (5) make non-substantive clarifying revisions.

The proposed ordinance would make the following substantive changes regarding the two Assessment Appeals Boards, Assessment Appeals Board No. 1 and Assessment Appeals Board No. 2:

1. Increases the number of regular members on each Assessment Appeals Board by two from three to five members resulting in a combined increase of four regular members.

2. Reduces the number of alternate members on the Assessment Appeals Board No. 2 by three from six to three members, to make this consistent with the Assessment Appeals Board No. 1. The proposed ordinance would retain the same number of alternate members on the Assessment Appeals Board No. 1, which is currently three members.

3. Regular members of the Assessment Appeals Board No. 2 would serve as alternate members of Assessment Appeals Board No. 1.

4. Establishes new eligibility criteria for appointment as a regular or alternate member of either Assessment Appeals Board, in compliance with Section 1624.05 of the California Revenue and Taxation Code. The requirements state that no individual would be eligible for appointment on the Assessment Appeals Boards unless he or she has five years professional experience in the State as a certified public accountant, licensed real estate broker, attorney, or property appraiser accredited by a nationally recognized professional organization. The proposed eligibility requirements would not apply to current regular or alternate members of either Assessment Appeals Board who held a seat prior to September 1, 1998 or who are subsequently reappointed to their same seat.

5. Addresses the transition to the new Assessment Appeal Boards composition, by continuing all of the incumbent regular and alternate Board members in their same seats, and reappointing incumbent members whose terms had previously expired. For Assessment Appeal Board No. 2 alternates, this ordinance requires the Clerk of the Board of Supervisors to select, by lot, three of the six incumbent Assessment Appeal Board No. 2 alternates to continue to serve in their seats for three-year staggered terms. Any member of Assessment Appeals Boards No. 1 and No. 2, including members who were eliminated as a result of the Clerk of the Board of Supervisors' selection by lot, can, if qualified, apply for future vacant seats. These provisions would expire on September 30, 2001, after the transition is completed.

6. The terms of the regular and alternate members of both of the Assessment Appeals Boards will continue to be three-year staggered terms under the proposed legislation. The legislation continues to allow a member of an Assessment Appeals Board

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to continue for 60 days after he or she is replaced by a new member to serve and to hear cases that had begun prior to the appointment of the new member.

7. Details specific guidelines for the Clerk of the Board of Supervisors to use in rotating the selection of the three member panels to hear individual applications for each Assessment Appeals Board and in selecting hearing officers. The proposed rotating system is designed to assure that all members with the same priority level have an equal opportunity over time to participate as panelists and hearing officers.

8. All regular and alternate members of Assessment Appeals Boards No. 1 and No. 2 would be concurrently appointed as hearing officers. The current selection process for hearing officers, which requires that the Board of Supervisors, by motion adopted by majority vote, appoint the hearing officers, would be deleted.

Comments:

1. In addition to the above eight substantive changes contained in the proposed legislation, this ordinance authorizes the Board of Supervisors to appoint directly the regular and alternate members of the Assessment Appeals Boards, pursuant to Sections 1622.1 and 1623.1 of the California Revenue and Taxation Code. Ms. Marilyn Cosentino, Assessment Appeals Board Administrator, advises that the Board of Supervisors already appoints the regular and alternate members of the Assessment Appeals Boards. Therefore this legislation merely reflects a technical change to make the Administrative Code consistent with the actual practice.

In addition, the proposed legislation requires the Assessment Appeals Boards to hold joint meetings to propose rules and regulations for governing the operation of the Assessment Appeals Boards to the Board of Supervisors. These meetings would be conducted by the five regular members of both Boards, with the attendance by three regular members of each Board constituting a quorum. At such joint meetings, alternate members

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cannot replace regular members. Ms. Cosentino advises that all of these provisions already are in practice and that this legislation merely reflects a technical change to make the Administrative Code consistent with the actual practice.

2. The attached memo from Ms. Cosentino explains the general purpose of this legislation.

3. The proposed legislation does not change the compensation level of members of the Assessment Appeals Board which is presently \$100 for each one-half day of service.

4. Ms. Cosentino explains that Assessment Appeals Board members are only paid when they serve as panel members or hearing officers. Therefore, although the overall membership of the two Assessment Appeals Boards would have a net increase of one member, this increase in the total number of Assessment Appeals Board Members by one from 15 to 16 would only increase the total size of the qualified pool and not increase the total amount of compensation paid to members of the Assessment Appeals Board.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

ASSESSMENT
APPEALS BOARD
Phone (415) 554-6778
FAX (415) 554-6775
TDD (415) 554-5227



875 Stevenson Street
Suite #400
San Francisco, CA 94103

December 1, 1998

MEMORANDUM

To: Office of Budget Analyst

From: Marilyn Cosentino, Administrator *MC*

Re: Ordinance amending chapter 2B of the Administrative Code to Change Assessment Appeals Board Membership and Designation

RATIONALE FOR IMPLEMENTATION OF ORDINANCE NO. _____

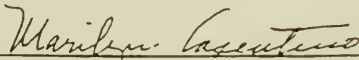
The purpose of this legislation is to increase the competency, effectiveness and efficiency of the assessment appeals boards by creating an expanded group of qualified individuals to serve as appeals board members and hearing officers.

The legislation will change the composition of the boards from two three-member panels to two five-member panels. Additionally, the legislation will require that newly-appointed board members meet the qualification criteria that Revenue & taxation Code Section 1624.05 imposes on assessment appeals board members in larger counties. Under that criteria, newly-appointed board members must have five years' experience in California as a certified public accountant, a licensed real estate broker, an attorney, or a property appraiser accredited by a nationally recognized professional organization.

This legislation will allow for greater scheduling flexibility by creating a larger pool of individuals from which to impanel the boards. Further, the legislation will protect the city's tax revenues and enhance public perception

of the appeals process by ensuring that the board members have the necessary skills and experience in making appropriate assessment decisions.

Passage of this Ordinance will also define San Francisco's proactive position in a movement that is currently taking place throughout California. As explained in the attached letter to the Clerks of the Board of Supervisors dated October 23, 1998, the California Association of Clerks and Election Officials has proposed legislation that, if approved, requires all assessment appeals board members in all counties to meet the eligibility requirements set forth in Revenue & Taxation Code Section 1624.05.



Marilyn Copertino
Administrator

Item 10 – Files 98-1868

Department: Airport Commission

Item: Resolution approving a renewal of an existing lease agreement for operation of Runway End Identification Lights (REIL), RWY01L between the U.S. Federal Aviation Administration (FAA) and the City and County of San Francisco, acting by and through the Airport Commission.

Purpose of Lease: This lease provides the FAA with approximately .018 acreage for the continued operation and maintenance of two sets of lights, located on each side of Runway 01-Left (RWY 01L), identified on the attached map as FAA (REIL). The purpose of these lights is to assist in ensuring the safety of aircraft movements at San Francisco International Airport.

Lessor: City and County of San Francisco

Lessee: Federal Aviation Administration

Amount Payable to Airport: No charge to the FAA. In return, the FAA continues to operate, and maintain Runway End Identification Lights (REIL) for RWY 01L at no cost to the Airport.

Term of Lease: One year, commencing October 1, 1998, renewable annually at the option of the FAA for a period of fifteen years not to extend beyond September 30, 2013.

Description: The proposed resolution would approve a renewal of an existing lease between the Airport and the FAA in order for the FAA to continue operating and maintaining Runway End Identification Lights at Runway 01-Left. According to Mr. Martin Slater of the Airport, each REIL System provides aircraft pilots with lights designating the end of the runway for visual identification of the runway threshold. Mr. Slater states that there are a total of three REIL Systems at the Airport, located on runway approaches which are over land. Runway approaches which are over water have instrument landing systems. The Airport has separate leases for the other REIL Systems and for the instrument landing systems.

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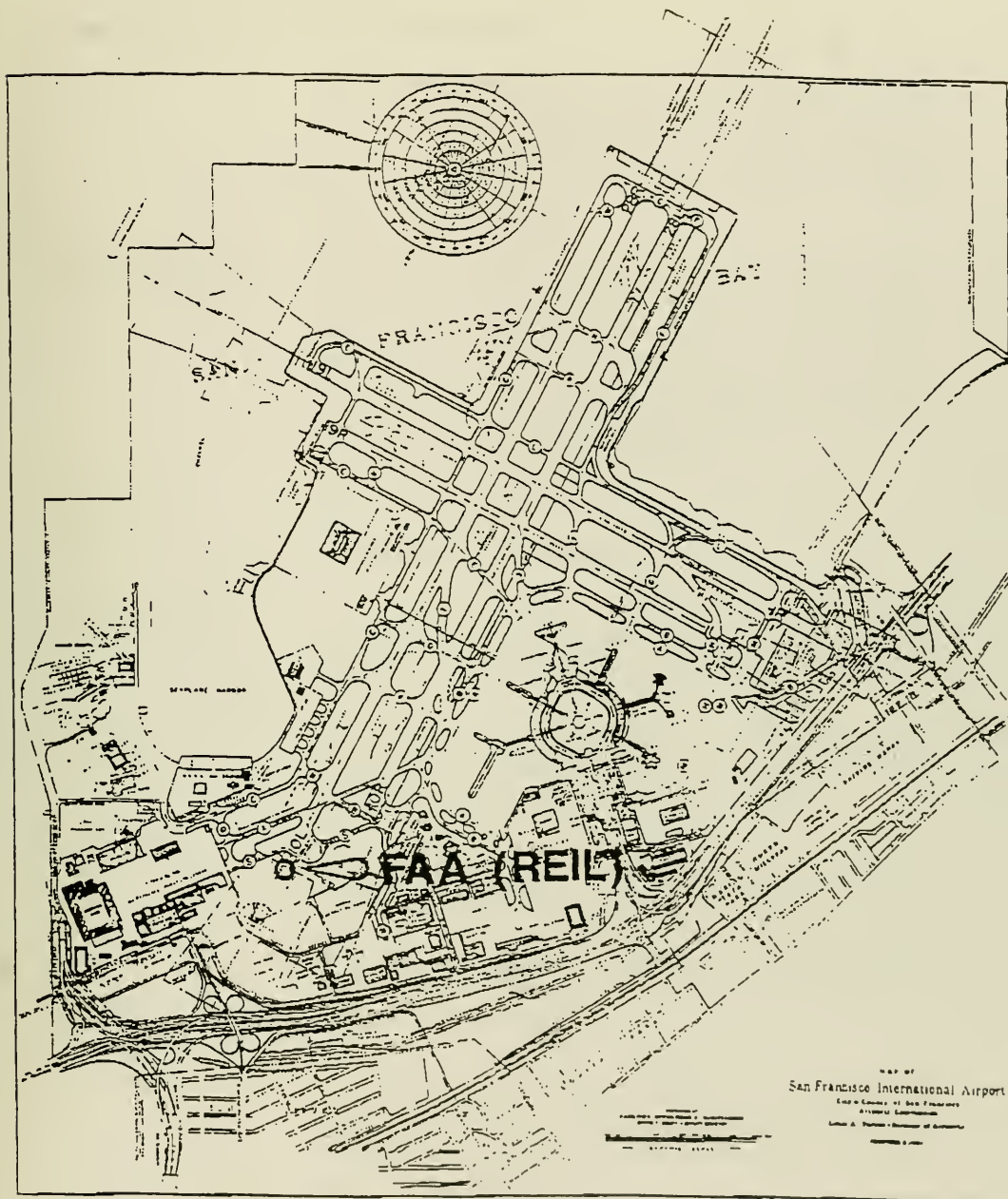
Comments:

1. The Airport Commission approved a resolution on September 15, 1998 stating that the REIL Systems are essential to the safety of aircraft movements at San Francisco International Airport.

2. The lease would be retroactive to October 1, 1998, and therefore the proposed resolution should be amended to provide for retroactive authorization.

Recommendation:

Amend the proposed resolution to provide for retroactivity, and approve the resolution as amended.



Item 11 – Files 98-1869

Department: Airport Commission

Item: Resolution approving a new lease between the U.S. Federal Aviation Administration (FAA) and the City and County of San Francisco, acting by and through the Airport Commission, to authorize the FAA to install, operate, and maintain a Precision Approach Path Indicator (PAPI) System.

Purpose of Lease: This lease provides the FAA with approximately 0.28 acreage of space for the installation, operation, and maintenance of one Precision Approach Path Indicator System at the location at the Airport identified on the attached map as FAA (PAPI). The purpose of this system is to assist in ensuring the safety of aircraft movements at San Francisco International Airport.

Lessor: City and County of San Francisco

Lessee: Federal Aviation Administration

Amount Payable to Airport: No charge to the FAA. In return, the FAA installs, operates, and maintains the PAPI System at no cost to the Airport.

Term of Lease: One year, commencing October 1, 1998, renewable annually at the option of the FAA for a period of fifteen years not to extend beyond September 30, 2013.

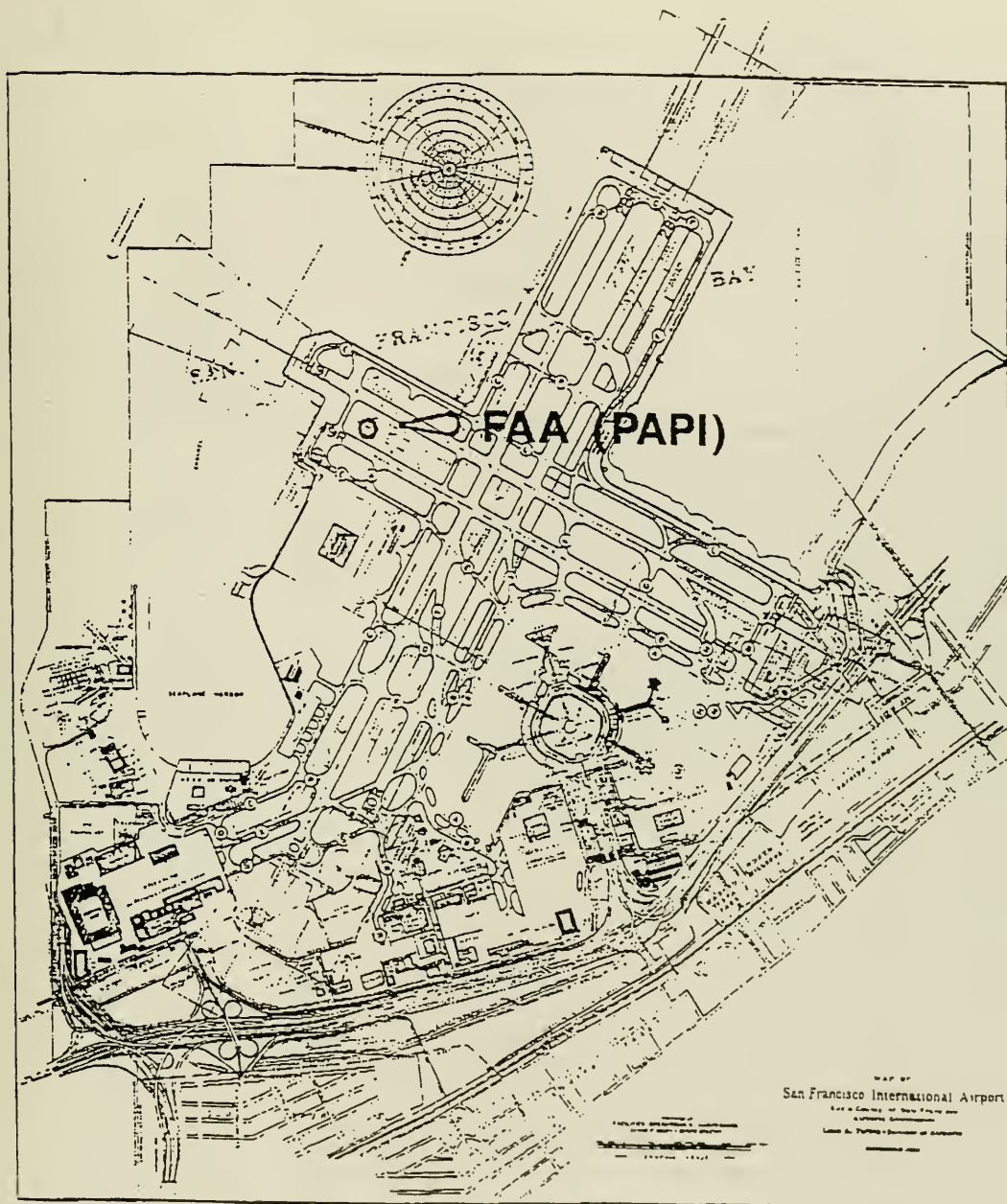
Description: The proposed resolution would approve a new lease between the Airport and the FAA in order for the FAA to install, operate, and maintain a Precision Approach Path Indicator System at a new site at the Airport. According to Mr. Martin Slater of the Airport, the installation of this PAPI System would increase to five the total number of such sites in the Airport.

According to Mr. Slater, the PAPI is used to provide aircraft pilots with a visual indicator using different colored lights to indicate the aircraft is on its proper glide path for the landing approach, or that it is too high or too low for the landing approach.

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- Comments:**
1. The Airport Commission approved a resolution on September 15, 1998 stating that the PAPI System is essential to the safety of aircraft movements at San Francisco International Airport.
 2. The proposed lease would be retroactive to October 1, 1998, and therefore the proposed resolution should be amended to provide for retroactive authorization.
- Recommendation:** Amend the proposed resolution to provide for retroactivity, and approve the resolution as amended.



Item 12 – File 98-1958

Department: San Francisco International Airport

Item: Ordinance appropriating \$220,000,000 of San Francisco International Airport Second Series Revenue Bond proceeds for the construction of infrastructure projects including but not limited to the Bay Area Rapid Transit (BART) Extension to the Airport, and placing such bond proceeds on reserve pending sale of the bonds.

Amount: \$220,000,000 in aggregate principal

**Source of Bond
Repayment Funds:** Airport Revenues

Description: In June of 1994, San Francisco voters approved Proposition I, a policy statement urging that the BART system be extended to the Airport and directing the Airport Commission, as well as other San Francisco officers and agencies, to take all necessary steps to finance the line extension and the accompanying new BART station.

In 1996, the BART extension became part of the Airport's Capital Plan. The Airport Commission and the BART Board of Directors approved an agreement to expand BART service to the Airport and the Board of Supervisors approved such agreement in November of 1996.

A separate Five Party Agreement, signed in March of 1997 by the City and County of San Francisco, the Airport Commission, BART, the Airport Transportation Association and United Airlines, calls for the Airport Commission to fund its contribution to the BART Airport extension with Airport Revenue Bonds. According to Mr. Bob Kuo of the Airport, that Agreement was not subject to approval by the Board of Supervisors. In June of 1997, the Board of Supervisors authorized the issuance of up to \$220 million (in aggregate principal) of Airport Second Series Revenue Bonds, at a maximum interest rate on the tax-exempt bonds at 12 percent over a 30-year term. The authorization for the bond issuance and the Five Party Agreement set the Airport Commission's maximum

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contribution for construction of the BART to the Airport Extension Project at \$200 million, or 16 percent of the total project cost, estimated to be \$1,224,000,000. Financing the BART to the Airport Extension Project will be funded from the following sources:

Federal Transit Administration Grant	\$750,000,000
Airport Second Series Revenue Bonds (subject of this proposed ordinance)	200,000,000
State Funding	165,000,000
San Mateo County Transit (SamTrans)	99,000,000
Metropolitan Transportation Commission	<u>10,000,000</u>
Total	\$1,224,000,000

This proposed ordinance would appropriate \$220,000,000 from the previously authorized Airport Revenue Bond proceeds as follows:

BART to the Airport Extension Construction Project	\$200,000,000
Debt Service Reserve Fund*	15,950,000
Bond Issuance Costs**	<u>4,050,000</u>
Total	\$220,000,000

* Debt Service Reserve Fund in the amount approximately equal to the annual debt service on the bond issue.

** Cost of Issuance includes \$750,000 in financial advisers, bond counsel, rating agencies, financial printers and advertisers, as well as \$3,300,000 to fund the Original Issue Discount/Underwriter's Spread, which is defined as funds paid to the Underwriter in exchange for purchasing the bonds.

Comments:

1. Attachment 1, provided by the Airport, contains a summary budget and an explanation for the \$4,050,00 in Bond Issuance Costs.
2. Attachment 2, provided by the Airport, includes a budget for the \$200 million that would be allocated to the construction of the BART to the Airport Extension Project.
3. According to Mr. Kuo, to date, \$60 million of the total \$220 million in previously authorized bonds have been sold. In April of 1998, the Airport issued \$35 million in Second Series Revenue Bond Issue 17 at an interest rate

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of 5.18 percent and in July of 1998, the Airport issued \$25 million at an interest rate of 5.13 percent. Mr. Kuo reports that the Airport anticipates issuing the remaining \$160 million (\$220 million authorized less \$60 million already issued) in two installments in 1999 at an estimated interest rate of 6 percent.

4. Mr. Kuo reports that the estimated total cost of the debt service for the \$220 million in Airport Second Series Revenue bonds to be paid over the 30-year term would be approximately \$479,482,816 based on the estimated interest rate of 6 percent. The average annual debt service would be \$15,982,761.

5. According to Ms. Kathryn Pennypacker of the City Attorney's Office, the subject supplemental appropriation ordinance in the amount of \$220 million upholds the intent of the Board of Supervisors resolution and the Five Party Agreement.

Recommendation: Approve the proposed ordinance.

ATTACHMENT 1

CALCULATION OF ESTIMATED COSTS OF ISSUANCE

\$220 MILLION SUPPLEMENTAL APPROPRIATION OF BOND PROCEEDS

<u>COST CATEGORY</u>	<u>ESTIMATE</u>
BOND COUNSEL	\$260,000
FINANCIAL ADVISOR	\$250,000
RATING AGENCY FEES	\$150,000
PRINTING OFFICIAL STATEMENT	<u>\$90,000</u>
SUBTOTAL PROFESSIONAL SERVICES	\$750,000
UNDERWRITER'S GROSS SPREAD*	<u>\$3,300,000</u>
TOTAL COSTS OF ISSUANCE	\$4,050,000

* THE UNDERWRITER'S SPREAD IS SIMILAR TO A COMMISSION. IT IS INCOME DERIVED BY THE UNDERWRITER IN EXCHANGE FOR PURCHASING THE BONDS. THE "SPREAD" IS PAID FOR FROM THE PROCEEDS OF THE BOND ISSUE(S). THE COST ESTIMATED AT 1.5% OF THE PAR AMOUNT OF BONDS TO BE SOLD (\$220 MILLION).

BUDGET FOR USE OF \$200 MILLION IN "BART" BOND PROCEEDS

The Airport intends to utilize the bond proceeds for the following components of the BART extension to SFO:

- 1) \$113 million for construction of "fixed facilities", including:
 - The overcrossing of Highway 101
 - The shared BART/AirTrain (the people-mover system) guideway
 - The shared BART/AirTrain station located adjacent to the new International Building
 - The "Link" building connecting the BART station to the new International Terminal Building
 - Enhancements to the International Terminal Building required as a result of the BART extension

- 2) \$87 million for the procurement of the following equipment and services for the BART extension:
 - track work and appurtenances
 - electric traction power systems
 - communications and train control systems
 - systems integration
 - structures and appurtenances
 - utilities and materials handling
 - security and specialty systems
 - preliminary engineering and administrative costs

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Item 13 – File 98-1873

Department: Port Commission
Department of Public Works

Item: Supplemental appropriation ordinance in the amount of \$6,434,954 to fund various capital improvement projects.

Amount: \$6,434,954

Source of Funds: San Francisco Harbor Operating Fund

Description: In July of 1998, the Port received a onetime payment of \$8,500,000 in Federal and State transportation grant funds (File Nos. 517-98 and 141-88) from the Department of Public Works as compensation for the loss of revenue generating parking facilities displaced by the Mid-Embarcadero Roadway (which is currently under construction and is anticipated to be completed in January of 2000). Ms. Stephanie Downs of the Port states that these funds were not appropriated at the time and remain in the unappropriated revenues of the Port's Operating Fund.

The proposed ordinance would appropriate \$6,434,954 of the \$8,500,000 previously received grant funds for 27 capital improvement projects, as follows:

Bulkhead Façade Painting \$200,000

Repainting of the facades of the bulkhead buildings¹ between China Basin and Pier 39.

Pier 43 ½ 105,000

Reconstruction of the public access area as required by the San Francisco Bay Conservation and Development Commission (BCDC) at the northwest end of Pier 43 ½, including the installation of Americans with Disabilities Act (ADA) deck area with historic pier bell and sound reflector.

¹ A bulkhead building is the land-side building structure in front of a pier.

Ms. Downs advises that the actual estimated total cost of this project is approximately \$470,000. Therefore, this project would require an additional \$365,000 (actual estimated total cost of \$365,000 less the requested amount of \$105,000). According to Ms. Downs, the funding source of the additional \$365,000 would be from previously appropriated monies in the Port's FY 1998-99 operating budget.

Predevelopment Studies \$500,000

Funding for pre-development studies, including site condition surveys, seismic upgrade reports and geo-technical evaluations, of Piers 15-17, 16-23, 27-29 and 70, the Western Pacific Site and the Embarcadero Triangle to determine the feasible uses of such sites by the Port.

35' Gauge Crane Track Leveling 49,000

Leveling of the grade at Pier 80 to allow 35' gauge crane trucks to travel on rail tracks around the corners of the pier. Ms. Downs advises that the actual estimated total cost of this project is approximately \$59,000. Therefore, this project would require an additional \$10,000 (actual estimated total cost of \$59,000 less the requested amount of \$49,000). According to Ms. Downs, the funding source of the additional \$10,000 would be from previously appropriated monies in the Port's FY 1998-99 capital budget.

Asbestos Removal 150,000

Removal of asbestos from three Port buildings at Pier 50.

Embarcadero Terminus Improvements 123,296

Installation of light poles and electrical conduit, metal guardrail, access ladders and a disability accessible drinking fountain in the public access space located south of the Agriculture Building and east of The Embarcadero Roadway, called the Embarcadero Terminus. The Mid-Embarcadero Project includes, but does not fund, the above-noted improvements to the Embarcadero Terminus.

As a result, the Port must provide the funding for these improvements.

Fisherman's Wharf Stall Piles \$120,000

Replacement of 200 deteriorated stall piles that are used for berthing ships at the Fisherman's Wharf Lagoon.

Pier 80 Fender Repair 600,000

Repair of the deteriorated fender system² at Pier 80.

Piers 3, 29 and 31 Parapet Flashing 50,000

Replacement of the flashing on the top of the parapets³ of the bulkhead buildings at Piers 3, 29 and 31.

Roundhouse Plaza's ADA Compliance 150,000

ADA improvements to lighting and fire alarm systems, guardrails and handrails, signage, door hardware and restroom facilities at the Roundhouse Plaza, located at 1101 Embarcadero Avenue, which is currently leased to various commercial tenants.

Pier 48
Electrical Service & Roof Replacement 583,000

Upgrade of electrical service and replacement of the roof at Pier 48, which is currently vacated, but is expected to be leased to various commercial tenants after the improvements are completed.

Pier 26 Roof Replacement 280,000

Replacement of the deteriorated roof at Pier 26, which is currently leased to various commercial tenants.

Ferry Terminal Improvements 321,036

Partial funding for additional improvements of the Downtown Ferry Terminal Project, including the

² A fender system buffers the contact between a ship and the pier.

³ A parapet is a low protective wall or barrier at the edge of a balcony or roof.

construction of the South Terminal Gangway Covered Canopy, Ferry Building East Promenade Covered Canopy and East-West Breakthrough, signage and site furnishings. The Downtown Ferry Terminal Project has a construction contract of approximately \$15,000,000, which is funded with grants from the California Transportation Commission and the Federal Highway Administration. Ms. Downs advises that the actual estimated total cost of the above-noted additional improvements to the Downtown Ferry Terminal Project is approximately \$1,400,000. Therefore, the proposed improvements would require an additional \$1,078,964 (actual estimated total cost of \$1,400,000 less the requested amount of \$321,036). According to Ms. Downs, the funding source of the additional \$1,078,964 would be from (1) previously allocated monies in the amount of \$40,000 in the Port's FY 1998-99 capital budget and (2) previously appropriated 1994 Port Commission Bond funds in the amount of \$38,864, leaving a still unfunded balance of \$1,000,100 for this project. Ms. Downs states that the Port plans to allocate monies from its proposed FY 1999-2000 capital budget to fund this unfunded balance of \$1,000,100.

Port ADA Transition Plan

\$100,000

ADA improvements to various areas of the Port, including the installation of accessible telephones, pay phone signs for the hearing impaired, a headroom guardrail in the Ferry Building common areas, interior signs in Port offices, accessible seating signage and an accessible microphone in the Port Commission room, signage of accessible parking spaces at the Pier ½ Northern Downtown Ferry Terminal and remodeling of restroom facilities at the Pier 35 Passenger Terminal.

Ms. Downs advises that estimated total cost of this project is approximately \$312,000, including \$100,000 for the proposed subject improvements and \$212,000 for future ADA improvements to the Port. As a result, this project would require an additional \$212,000 (actual estimated total cost of \$312,000 less the requested amount of \$100,000). According to Ms. Downs, the Port intends to allocate monies from its FY 1999-2000 and 2000-2001

capital budgets to fund the additional estimated need of \$212,000.

Pier 47A \$498,107

Partial funding for the reconstruction of Pier 47A, including driving new piles, building the deck and providing water, lighting, benches and mooring facilities for boats at the pier.

Pier 52 Electrical Pole Relocation 65,000

Partial funding for the relocation of the electrical/telecommunication poles located around the perimeter of the future parking lot of the future Pier 52 Boat Launch.

Pier 92 Fender Pile Replacement 90,000

Replacement of 92 broken or deteriorated fender piles⁴ at Pier 92.

Pier 80B Maintenance Dredging 552,050

Dredging of 62,000 cubic yards of material from Pier 80B to a depth of 35 feet to allow for additional berthing space at the pier. According to Ms. Downs, the Port is currently unable to shelter cargo ships at this pier because the water around the pier is too shallow to effectively buoy such ships. Ms. Downs advises that the Port has awarded the contract for this project to the Dutra Dredging Company, which submitted the lowest bid in accordance with the City's competitive bidding procedures.

Pier 80A Maintenance Dredging 561,100

Dredging of 61,000 cubic yards of material from Pier 80A to a depth of 40 feet to accommodate Columbus-Blue Star Cargo Companies, the Port's new tenant at the pier. Ms. Downs advises that the Port has awarded the contract for this project to the Dutra Dredging Company, which

⁴ A fender pile system create a series of channels in the harbor that guide ships away from shallow water.

submitted the lowest bid in accordance with the City's competitive bidding procedures.

Pier 43 Restoration of Arch \$100,000

Funding to pay for the Port's fire insurance deductible for the Pier 43 Arch which is a historic arch structure at Fisherman's Wharf that was damaged by fire in July of 1998.

Pier 35 West Maintenance Dredging 350,000

Dredging of 26,000 cubic feet yards of material from Pier 35 West to a depth of 30 feet to allow the Port to dock two cruise ships at this pier at the same time. According to Ms. Downs, the Port is currently unable to shelter cruise ships at this pier because the water around the pier is too shallow to effectively buoy such ships. Ms. Downs advises that the Port has awarded the contract for this project to the Dutra Dredging Company, which submitted the lowest bid in accordance with the City's competitive bidding procedures.

China Basin Park Shoreline Stabilization 592,200

Reconstruction of the China Basin Channel seawall, located east of Third Street, to allow for required BCDC improvements to the area near the future Pacific Bell Park. According to Ms. Downs, the Port agreed to reconstruct the subject seawall as a condition of receiving the required BCDC permit for the Port to lease the site of the future Pacific Bell Park to the Giants.

Replace Pile Driver Hammer/Leads 21,350

Replacement of the Port's aging pile driver equipment used to drive wood piles (which support the piers) into the shoreline.

Grotto #9 Replace Sewer Main 84,815

Replacement of 600 feet of the deteriorated 6" main sewer pipe from Grotto No. 9 Pump Station to Jefferson Street.

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Harbor Patrol Boat

\$20,000

Funding for the purchase of an 18' motor boat to be used by harbor staff to patrol the Port and collect daily dockage fees from vessels that anchor outside the Port in the lagoon. Presently, the Port's wharfingers do not have their own boat and instead borrow a boat from Port's Maintenance Department to perform the above-noted duties. Ms. Downs states that the Port's Maintenance Department often cannot loan a boat to the wharfingers and as a result, the wharfingers are unable to collect the daily dockage fees or respond to emergencies as quickly as is needed on boats anchored outside the Port.

Ferry Building Carillon Chime

19,000

Replacement of the broken carillon chime system. A carillon chime system announces the time of day with a musical melody. Ms. Downs advises that the existing carillon chime system is not repairable and as such, must be replaced with a new carillon chime system. Ms. Downs also advises that the actual estimated total cost of this project is approximately \$27,000. Therefore, this project would require an additional \$8,000 (actual estimated total cost of \$27,000 less the requested amount of \$19,000). According to Ms. Downs, the funding source of the additional \$8,000 would be from previously appropriated monies in the Port's FY 1998-99 operating budget.

Emergency Seawall Repair

150,000

Emergency repair to the seawall lot, located on Seawall 302 near Wharf J6 and Jones Lane, which supports Jones Lane along the shoreline.

Budget:

According to Ms. Downs, the total estimated cost for the proposed 27 capital improvement projects is \$8,193,818, or \$1,758,864 more than this request of \$6,434,954. As previously noted, this additional \$1,758,864 would be provided from previously appropriated Port operating and capital improvement funds and from future Port operating and capital improvement budgets. Attachment I, provided by Ms. Downs, contains the total estimated

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cost for the proposed 27 capital improvement projects in the amount \$8,193,818, including this request of \$6,434,954, and descriptions for each project.

Ms. Downs states that the proposed 27 capital improvement projects would be performed by either in-house civil service Port personnel or outside contractors pursuant to the City's competitive bidding procedures. Attachment II, provided by Ms. Downs, describes which projects would be constructed by in-house civil service Port personnel and which projects would be performed by outside contractors.

Recommendation: Approve the proposed ordinance.

Attachment II

CAPITAL PROJECTS

Budget

<u>Project</u>	<u>Design Cost</u>	<u>Construction Management</u>	<u>Construction Costs</u>	<u>Dredge Testing</u>	<u>Dredging & Disposal Costs</u>	<u>Total Costs</u>
			<u>Materials</u>	<u>Labor</u>		
35' Gauge Crane Track Leveling - Pier 80			10,000	49,000		59,000
Bulkhead Facade Painting			25,000	175,000		200,000
Pier 43 1/2			105,000	365,000		470,000
Pre-Development Studies				500,000		500,000
Asbestos Removal				150,000		150,000
Embarcadero Terminus Improvements	24,560		18,495	80,141		123,296
Fisherman's Wharf Stair Piles			120,000			120,000
Pier 80 Fender Repair			600,000			600,000
Piers 3, 29 & 31 Parapet Flashing			10,000	40,000		50,000
Roundhouse Plaza ADA Title 24 Compliance	30,000		22,500	97,500		150,000
Pier 40 Electrical Service & Roof Replacement	87,450		145,750	349,800		583,000
Pier 26 Roof			56,000	224,000		280,000
Pier 47A Additional Funding	20,000	40,000	187,904	290,203		498,107
Pier 52 Electrical Pole Relocation			25,000	105,000		150,000
Fender Pile Replacement Pier 92			90,000			90,000
Pier 80B Maintenance Dredging					552,050	552,050
Pier 80A Maintenance Dredging					561,100	561,100
Restoration of Pier 43 Arch	75,000	25,000			5,500	100,000
Pier 35 West Maintenance Dredging					344,500	350,000
China Basin Park Shoreline Stabilization	50,000	50,000	268,011	224,189		592,200
Replace Piledriver Hammer/Leads			21,350			21,350
Replace Sewer Main Grotto #9			40,715	44,100		84,815
Fisherman's Wharf Harbor Patrol Boat			20,000			20,000
Carillon Chime Replacement			27,000			27,000
Emergency Seawall Repair			30,000	120,000		150,000
Downtown Ferry Terminal - Audit Improvements		399,900	200,000	900,000		1,399,900
Port ADA Transition Plan	46,800		46,800	210,400		312,000
					TOTAL	8,193,818

AMENDED CAPITAL PLAN 1998/99

PROJECT DESCRIPTIONS

Bulkhead Façade Painting and Lighting**\$200,000**

Paint bulkhead facades that have not been painted since 1984 and are in a deteriorated condition. Repainting is necessary both for preventative maintenance and to make the property easier to lease. The estimate is to paint all bulkhead buildings between China Basin and Pier 39.

Pier 43 ½**\$470,000**

The purpose of this project is to reconstruct the public access area required by BCDC at the northwest end of Pier 43 ½. The project will include an ADA accessible deck area for viewing and will display a 1600-pound historic pier bell and sound reflector. The breakdown of the funding for the total project cost of \$470,000 is as follows:

	<i>Capital Plan</i>	<i>Operating Budget</i>
Pier Reconstruction	\$0	\$270,000
ADA required platform	30,000	35,000
Bell frame and installation	30,000	45,000
Sound reflector	0	15,000
Lighting	45,000	0
Total	<u>\$105,000</u>	<u>\$365,000</u>

The amount provided from the capital plan together with the amount allocated in the facilities maintenance budget fully fund this project.

Pre-Development Studies**\$500,000**

These studies are necessary to produce information needed for inclusion in RFPs for development sites. These studies include condition surveys, seismic upgrade requirements, geo-technical evaluation and economic studies. Having this information is essential to the success of the RFP. Requested funding is for studies for Pier 70, the Western Pacific Site, Piers 15-17, Piers 16-23, Piers 27-29, and the Embarcadero Triangle. It is intended that this fund be replenished from pre-development fees to be charged to the developers when contracts are eventually awarded.

35' Gauge Crane Track Leveling**\$59,000**

<i>Capital Plan</i>	<i>Previously Funded</i>
\$49,000	\$10,000

Level the grade for the 35' gauge crane tracks to allow cranes to be moved around the corner. The two 34 foot gauge cranes at Pier 80 have articulated trucks that are designed to travel around the corners of the pier. Due to settling, one of the rail tracks is lower than the other track on one of these corners, causing the wheels on the truck to derail when the crane is maneuvered around the corner. A forklift has been used to position the derailed truck in the past, which is an unsafe practice.

Asbestos Removal**\$150,000**

The purpose of this project is to manage or remove asbestos from several Port buildings. The funding will be used to clear the way for necessary building repairs, readying property for leasing, and for public or employee health emergencies. The money will be work ordered to the Department of Public Works that has standing contracts with several asbestos consultants and contractors.

Embarcadero Terminus Improvements**\$123,296**

The Waterfront Transportation Mid-Embarcadero project includes improvements to the public access space located just south of the Agricultural Building and east of The Embarcadero roadway, called the Embarcadero Terminus. The Mid-Embarcadero project includes, but does not fund, the installation of the following improvements: new light poles and electrical conduit, new metal guardrail, new access ladders, and a new disability accessible drinking fountain. The existing guardrail is corroded and will soon pose a safety hazard. The new accessible drinking fountain will be the only accessible drinking fountain on the southern waterfront. The Port must provide the funding or the work described will be deleted from the project.

Fisherman's Wharf Stall Piles**\$120,000**

This project will replace deteriorated stall piles at the Fisherman's Wharf Lagoon adjacent to Scoma's Restaurant. The stall piles are used for delineating berth locations and berthing the fishing vessels. There are 200 piles currently requiring replacement. Most of these piles will be used for 56 berths that generate approximately \$22,000 per year in rent. Payback for this project is 5.5 years.

Pier 80 Fender Repair**\$600,000**

The recent agreement that the Port has completed with Marine Terminals Corporation requires the Port to maintain the fender system at Pier 80. Maintenance has been deferred for the past four years since cargo operations were suspended at Pier 80. Due to previous wear and tear and the effects of time, the fender system requires repair in order for vessels to continue to be safely accommodated at the pier.

Piers 3, 29 & 31 Parapet Flashing**\$50,000**

Bulkhead buildings at Piers 3, 29 and 31 need to have the flashing on the top of the parapet replaced due to deterioration. The flashing deterioration was discovered during the Cornice Repair Project and is believed to be a critical factor leading to the initial cornice failure. If this flashing is not replaced water will continue to intrude behind the new plaster facade cornice and cause water damage to the new wood and plaster nailing. Water damage could create an unsafe condition and become a hazard for pedestrians using the walkway below. This is a public safety project that allows the Port continued safe use of these facilities.

Roundhouse Plaza ADA Title 24 Compliance**\$150,000**

The Roundhouse Complex underwent extensive renovations in 1983-84 and has a high level of quality improvements. However, these improvements are not fully compliant to current standards relating to accessibility. Non-conforming items include lighting and fire alarm systems, guardrails and handrails, signage, door hardware, and bathroom facilities. This project will bring all non-conforming items into compliance. Annual gross revenues from the Roundhouse Plaza are \$803,500.

Pier 48 Electrical Service and Roof Replacement**\$583,000**

Pier 48 is currently vacant and undergoing two major repair projects: the Seismic Stabilization Project which is being funded by FEMA, and the Fire Damage Repair Project which is being funded with insurance proceeds. However, in order to optimize the leasing potential of this pier, the facility needs an upgraded electrical service and a new roof over the portion of the pier that didn't suffer fire damage.

The Port's Electrical Engineer has estimated that an upgraded electrical service with a minimal distribution system to both sheds would cost approximately \$320,000. The Port's Maintenance Department has estimated the cost of the roof replacement to be \$263,000. The combined total cost of the two projects is \$583,000.

Without the upgraded electrical system and roof replacement, projected market rent for the facility is approximately \$0.35 a square foot. With the upgraded electrical system and roof replacement the market rent is projected to be \$0.50 per square foot. The incremental increase equates to \$0.15 per square foot as follows:

- Projected income:

160,000 square feet @ \$0.50 = \$80,000 per month

\$960,000 annual income

160,000 square feet @ \$0.35 = \$56,000 per month

\$672,000 annual income

Incremental Increase

\$24,000 per month

\$288,000 annual income

- Annual revenue as percentage of cost: 49.4%
- Payback period: 2.0 years

Pier 26 Roof Replacement**\$280,000**

The roof for Pier 26 is in poor condition and needs to be replaced. The estimated cost of this roof replacement includes sheet metal work. The roof replacement needs to be completed in order to (1) protect the facility from further deterioration, (2) provide tenants with a water-tight environment, (3) retain current revenues, (4) lease remaining vacant space and (5) raise rents to market.

To date, approximately 18,960 sq./ft out of a total 102,400 rentable sq./ft remain vacant. This is due to the very poor condition of the roof in specific areas that are unleaseable. The ongoing leaks contribute to the deterioration of the structural integrity of the facility by promoting dry rot of the wooden structural components. This in time leads to major structural repairs at a much higher cost.

Projected market rent for the facility is approximately \$0.50 per square foot. The current average rent at the facility is \$0.34 per square foot. The incremental increase equates to \$0.16 per square foot as follows:

- Projected income:

102,400 square feet @ \$0.50 = \$51,200 per mo.	\$614,400 projected annual income
83,407 square feet @ \$0.34 = \$28,358 per mo.	<u>\$340,296 current annual income</u>
Incremental Increase	\$274,104 per year
- Annual revenue as percentage of cost: 108.2%
- Payback period: 1 year

Downtown Ferry Terminal Additional Improvements**\$1,400,000**

<i>Capital Plan</i>	<i>Previously Funded</i>	<i>Unfunded</i>
\$321,036	\$78,864	\$1,000,100

The Downtown Ferry Terminal Project has a construction cost of over \$15,000,000, which is funded with grants from the California Transportation Commission and the Federal Highway Administration. Due to thinly stretched resources, the funding of approximately \$400,000 will provide for staff to hire a project manager to assist with over-site of the project construction.

The additional approximately \$1,000,000 needed, but currently unfunded, would provide for the following improvements:

South terminal gangway covered canopy	\$225,000
Ferry Building east promenade covered canopy	210,000
Signage and site furnishings	165,000
Ferry Building east-west breakthrough	400,000
Total	<u>\$1,000,000</u>

These improvements can still be added at a later date.

Port ADA Transition Plan**\$312,000***Funded*
\$100,000*Unfunded*
\$212,000

This project funds Phase 1 of the Port's estimated \$312,000 ADA Transition Plan. The funding provided will be used to make physical improvements to public facilities to make them accessible. The Phase 1 improvements include installation of accessible telephones, TDD pay phone signs, a headroom guardrail in the Ferry Building common areas, interior signs in Port offices, accessible seating signage and accessible microphone in the Port Commission room, signage at accessible parking spaces at the Pier 1/4 Northern Downtown Ferry Terminal, and remodeling of the restrooms at the Pier 35 Passenger Terminal to make them accessible.

The Port requires in its lease agreements that tenants be responsible for all accessibility features of their respective premises, and to comply with the provisions of both the ADA and the building code.

Pier 47A Additional Funding**\$498,107**

The Port approved funding in the amount of \$928,000 for the reconstruction of Pier 47A in the 1996/97 Capital Plan. The reconstructed Pier size will be 226 feet long and 16 feet wide. The end of the pier will bulb out, providing a public access area and viewing platform for the disabled. The construction will involve driving new piles, constructing the deck, and providing for water, lighting, benches, and mooring facilities for boats.

Approved funding consists of a \$528,000 grant from the Department of Transportation, and \$400,000 in Port Funding. The Port advertised the project for bid in May 1998, however, was not able to award to the low bidder as there was not sufficient funding available to accommodate the bid. This additional funding of \$498,107 is necessary to proceed with the project.

Pier 52 Electrical Pole Relocation**\$65,000**

This project will fund the relocation of the electrical/telecommunication poles located around the perimeter of the future parking lot that will serve the future Pier 52 Boat Launch. The relocation of these pole/lines are necessary to meet the State Department of Boating and Waterways (Cal Boating) guidelines regarding the hazard of overhead utility lines around boat launches and parking lots which may electrocute boaters with masts set-up. The Pier 52 Project is currently being funded by Cal Boating for approximately \$493,000 to construct the Boat Launch and the Parking Lot. However, the grants do not cover the costs to relocate the electrical poles.

The Port included \$85,000 in the 1997/98 Capital Plan to underground these poles, however, P.G.&E. will not underground a "redevelopment district." The Pier 52 Project is close to the proposed Mission Bay redevelopment district so it cannot be undergrounded at this time. This \$65,000 funding when combined with the \$85,000 funded in the 1997/98 plan should be sufficient to fund the relocation of the poles.

Fender Pile Replacement at Pier 92**\$90,000**

Pier 92 has ninety fender piles that are either broken or deteriorated and if not replace soon will render this berth unusable. There are currently 3 to 4 tallow vessels berthing at the facility each month as part of the Darling Delaware operation. In addition, Pier 92 has daily barge calls for Mission Valley rock. Annual revenue currently totals \$450,000 for this Pier. Payback on the project is 3 months.

Pier 80B Maintenance Dredging**\$552,050**

This project would fund the dredging of 62,000 cubic yards of material from Pier 80B to a depth of 35 feet. The dredging is necessary to allow the Port additional berthing space for its multi-use cargo facility at Pier 80. Berth 80B would be used for break bulk and non-containerized cargo.

Pier 80A Maintenance Dredging**\$561,100**

This project would fund the dredging of 61,000 cubic yards of material from Pier 80A to a depth of 40 feet. The project is needed to accommodate Columbus-Blue Star Lines, the Port's new tenant at Pier 80.

Restoration of Pier 43 Arch**\$100,000**

The historical Pier 43 Arch suffered severe fire damage on July 14, 1998. The amount allocated is intended to cover the Port's fire insurance deductible on repair or replacement of the structure.

Pier 35 West Maintenance Dredging**\$350,000**

This project would fund the dredging of 26,000 cubic yards of material from Pier 35 West to a depth of 30 feet. The project is needed to allow the Port to dock two cruise ships at Pier 35 at the same time. Pier 27 is no longer available to dock cruise ships because it is occupied by a MARAD ship.

China Basin Park Shoreline Stabilization**\$592,200**

This project would fund the reconstruction of the China Basin Channel seawall east of Third Street. The San Francisco Bay Conservation and Development Commission ("BCDC") issued a permit in October 1997 to the Giants and the Port as co-permittees authorizing work necessary for development of a Ballpark at the corner of Third St. and King street. The BCDC permit requires the co-permittees to maintain certain public access areas and improvements, and specifically requires the development of a public access area consisting of approximately 85,000 to 100,000 square feet from the top of the bank along the southern shoreline at the Bay end of China Basin Channel and extending from Lefty O'Doul Bridge to the public access area at Pier 48 ("China Basin Park").

In addition to the Ballpark lease, the Port and the Board approved a 10 year Parking Lease which allows the Giants to construct surface parking improvements at Third St. and Terry Francois Boulevard. This location is directly across the street from China Basin Park. Since China Basin Park is outside the premises subject to both the Ballpark Lease and the Parking Lease, in November 1997 the Port issued a Permit to the Giants in which the Giants agreed to construct China Basin Park, and to maintain it for a term of 10 years, coincident with the term of the Parking Lease. The Port has agreed to maintain China Basin Park for the remaining term of the BCDC Permit.

Port engineers have subsequently determined that the existing shoreline of China Basin Park along the channel is structurally unstable. In addition, tidal action from the Ferry Terminal to be built in China Basin Channel across from the park will cause further demise to the shoreline and cause the park to erode into the bay. This project is necessary to maintain the existing shoreline and prevent further erosion.

Piledriver Equipment Replacement

\$21,350

The piledriver is estimated to be 40 years old. Age and the stress on the hammer/leads makes it extremely difficult to repair. The equipment is used to work on repairing and replacing Port marine structures such as piers, sheds, substructures and fender systems. The current piledriving equipment no longer meets today's standards for productivity and safety.

Replace Sewer Main from Grotto #9 to Jefferson St.

\$84,815

This project will fund the replacement of 600 feet of 6" forced main sewer pipe from Grotto #9 pump station to Jefferson St. In the past 2 years, the Port plumbing department has repaired this pipe six times. It has now deteriorated beyond repair and is in imminent danger of dumping untreated waste water directly into the Bay.

Fisherman's Wharf Harbor Patrol Boat

\$20,000

A boat is required to patrol the facilities for environmental and safety issues. In an emergency, such as an oil spill, fire or earthquake, a boat adds a waterside response that is not presently available. The boat would also enable the harbor staff to monitor and collect fees from vessels at anchor in the lagoon. The presence of a harbor patrol boat would also increase the visible authority of Port personnel and enhance the dockage collection capability. The wharfingers do not currently have a patrol boat.

Ferry Building Carillon Chime

\$27,000

<i>Capital Plan</i>	<i>Operating Fund</i>
\$19,000	\$8,000

The project will fund the replacement of the existing Carillon system with a new state of the art digital Carillon system. The current system is approximately 25 years old, is not functioning, and cannot be repaired.

Emergency Seawall Repair**\$150,000**

The seawall lot located on Seawall 302 near Wharf J6 and Jones Lane has deteriorated to the point that collapse is possible and immediate repairs are needed. If the seawall were to collapse, the adjacent retail fish outlet building would be in danger of shifting into the bay. Outside engineering services will be used to design the repair plans and an outside construction contractor is needed to perform the repair. The Port does not have in-house engineering resources to prepare the design or maintenance staff to perform the required construction work.

Attachment I

CAPITAL PROJECTS

Entity Performing Work

<u>Project</u>	<u>In House</u>	<u>Outside Contract</u>	<u>Inter-Dept. Work Order</u>	<u>Comments</u>
35' Gauge Crane Track Levelling - Pier 80	100%		100%	
Bulkhead Facade Painting	100%			work order to MUNI
Pier 43 1/2				
Pre-Development Studies				
Asbestos Removal				
Embarcadero Terminal Improvements		100%		professional services contract
Fisherman's Wharf Stall Piles		100%		
Pier 80 Fender Repair	100%			
Piers 3, 20 & 31 Pilecap Flashing	100%		100%	work order to DPW
Roundhouse Plaza ADA Title 24 Compliance	50%	50%		
Pier 48 Electrical Service & Roof Replacement	40%	60%		roof replacement -- In-house; electrical -- outside contractor
Pier 20 Roof	100%			
Pier 47A Additional Funding				
Pier 52 Electrical Pole Relocation		100%		
Fender Pile Replacement Pier 92	100%			Hatch Hetchy Power to perform work
Pier 80B Maintenance Dredging		100%		contract with Dutra Dredging Company
Pier 80A Maintenance Dredging		100%		contract with Dutra Dredging Company
Restoration of Pier 43 Arch		100%		
Pier 35 West Maintenance Dredging		100%		contract with Dutra Dredging Company
China Basin Park Shoreline Stabilization		100%		
Replace Piledriver Hammer/Leads		100%		bid through purchasing
Replace Sewer Main Grotto #9	100%			
Fisherman's Wharf Harbor Patrol Boat		100%		bid through purchasing
Carillon China Replacement		100%		
Emergency Seawall Repair		100%		
Downtown Ferry Terminal - Add 1 Improvements	50%	50%		carpentry work -- In house; railing/plumbing -- outside contractor
Port ADA Transition Plan				

Item 14 – File 98-1909

Departments: Public Utilities Commission (PUC)
Department of Real Estate (DRE)

Item: Resolution authorizing the sale by the PUC of an easement of 10-foot wide property to the City of Hayward, designated as surplus property by the PUC. The subject property is identified as the Newark to Hayward Aqueduct located in Newark, Fremont, and Union City in Alameda County.

Description: Easement Owned By City and County of San Francisco

Across certain designated lands known as the "Easement Area," the City and County of San Francisco has owned the subject easement since the 1930's, and still owns the easement measuring 40 feet wide. The rights attached to this ownership include the right to install, use, operate, and maintain water pipelines.

Water Sale Agreement of 1961

The City and County of San Francisco entered into an agreement with the City of Hayward on November 14, 1961, for the sale of Hetch Hetchy water to the City of Hayward (the "Water Sale Agreement"). (PUC Resolution No. 21832 adopted on February 26, 1962).

Water Pipeline Constructed

With the permission of the PUC, the City of Hayward constructed a 42-inch water pipeline in the Easement Area in 1966, in order to allow for the sale of Hetch Hetchy water to the City of Hayward (Newark to Hayward Aqueduct). The City of Hayward presently uses the subject property for receiving Hetch Hetchy water through the Newark to Hayward Aqueduct in the Easement Area.

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Hayward's 1981 Offer to Purchase Easement

In 1981, the City of Hayward offered to purchase that portion of the Easement in which its aqueduct was already constructed at the purchase price of \$1,000 ("Easement").

Comments:

1. PUC Resolution Approved Sale of Easement

On October 14, 1997, the PUC approved a resolution (Resolution No. 97-0274) granting a 10-foot wide easement to the City of Hayward for the Newark to Hayward Aqueduct in the Easement Area in consideration of a \$1,000 payment from the City of Hayward and authorizing the General Manager of the PUC to execute an easement and any necessary additional documentation required to effectuate the grant of such easement.

2. Nominal Value of Easement

According to Mr. Panieri, the present nominal value of the subject Easement being sold to the City of Hayward is \$2,500, which represents the DRE's minimum administrative fee for processing the necessary documents. According to Mr. Panieri, because the City of Hayward has already constructed a pipeline, the Newark to Hayward Aqueduct, on the subject Easement, and because Hetch Hetchy water is sold to the City of Hayward through this Newark to Hayward Aqueduct under the Water Sale Agreement of 1961, the \$2,500 amount also represents the fair market value of the subject Easement.

However, both Mr. Panieri and Mr. Gary Dowd of the PUC state that the sale price of \$1,000 represents the sale price which was negotiated between the City of Hayward and the PUC in 1981. Mr. Dowd explains that numerous attempts to execute the sale of the subject Easement have been made since 1981, but that delays in executing the sale were caused by both the City of Hayward and the City and County of San Francisco. As a result, according to Mr. Dowd, the final sale of the subject Easement has not yet been executed.

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3. Maintenance, Insurance, and Indemnification

According to Mr. Charles Sullivan, Deputy City Attorney, under the terms of the deed, the City of Hayward (Hayward) will be responsible for all maintenance, repair, and insurance costs for Hayward's uses in the Easement Area. Mr. Sullivan further explains that under the terms of the deed, the City of Hayward would indemnify the City and County of San Francisco from all claims and liabilities arising from Hayward's use of the Easement Area.

Recommendation: Approval of the proposed resolution is a matter of policy for the Board of Supervisors.

Item 15 – File 98-1917

Department: Department of Real Estate (DRE)
Department of Public Works (DPW)

Item: Resolution (1) approving an exchange agreement between the City and County of San Francisco and the Peninsula Corridor Joint Powers Board (JPB), wherein the JPB will permanently quitclaim to the City JPB's rights to an easement in a parcel of land which is adjacent to King Street, between 5th and 6th Streets. In exchange for this easement, the City will transfer a temporary easement to the JPB in an area of land that encroaches King Street, between 4th and 5th Streets and (2) adopting findings pursuant to the City Planning Code Section 101.1.

Description: In 1995, the City undertook the King Street Project to expand King Street between 3rd and 6th Streets and extend its MUNI Metro light rail line within that expanded King Street area. To facilitate the construction of this project, the Catellus Development Corporation donated to the City a parcel of land located on the north side of King Street between 5th and 6th Streets.

According to Mr. John Panieri of the Department of Real Estate (DRE), currently this parcel of City-owned land is encumbered by an easement, which is approximately 8,766 square feet and is owned by the Peninsula Corridor Joint Powers Board (JPB). Currently, the JPB uses this easement to support tracks and maintenance facilities for its CalTrain commuter rail line that terminates in the vicinity of the King Street Project.

Mr. Panieri states that the Peninsula Corridor Joint Powers Board has agreed to permanently quitclaim to the City all of its rights to this easement at no cost to the City. According to Mr. Panieri, the City would use the easement in its above-mentioned plans to expand King Street.

According to Mr. Panieri, in exchange for the JPB's agreement to permanently quitclaim to the City an easement at no cost to the City, the City will reimburse the JPB an estimated \$576,276 for removing its CalTrain

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rail tracks and relocating its CalTrain rail car maintenance facilities from the easement (see Comment No. 1). In addition to the above-noted reimbursement, Mr. Panieri states that the City will grant the JPB a temporary easement at no cost to the JPB to support the JPB's current encroachment into King Street between 4th and 5th Streets, specifically into approximately 2,375 square feet of the north sidewalk area of the King Street Project. The JPB uses this easement as a railroad yard for its CalTrain rail line system.

According to this proposed resolution, the City's grant of a temporary easement to the JPB would be valid as long as the JPB operates its CalTrain station in its present location at 4th and King Streets and complies with the terms of the temporary easement agreement between the City and the JPB.

Mr. Panieri states that the DRE cannot report on the fair market values of the JPB's quitclaim of its permanent easement to the City or the City's grant of a temporary easement to the JPB because the proposed agreement between the City and JPB contains a provision which requires both parties to waive their rights to appraise the subject easements. The text of the proposed waiver provision is as follows:

The parties hereby waive any and all real property appraisals which they may be entitled to under federal, state and local law.

Comments:

1. According to Mr. John Pons of the Department of Public Works (DPW), the removal of the tracks and relocation of the maintenance facilities from the easement will be performed by the JPB. Mr. Pons states that this removal and relocation work is part of a larger JPB project, with estimated costs totaling \$1,234,680, to improve its CalTrain rail line system. As noted above, the City would reimburse the JPB an estimated \$576,276, or approximately 47 percent, of such costs for the removal and relocation work to be completed by the JPB. According to Mr. Pons, the source of funds for this reimbursement to JPB would be from previously

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appropriated Federal Highway Administration grant funds.

2. According to Ms. Robin Reitzes of the City Attorney's Office, as part of the negotiations between the City and the JPB for the JPB to quitclaim its easement to the City, the City agreed to reimburse the JPB for removing its CalTrain rail tracks and relocating its CalTrain rail car maintenance facilities from the easement in the parcel of land donated to the City by the Catellus Development Corporation. Ms. Reitzes advises that this parcel of land is burdened by an easement owned by the JPB and as such, the JPB has pre-existing property rights to use the easement to support its rail yard. According to Ms. Reitzes, since the City requires the easement to build the King Street frontage road, the City has agreed to pay for the removal and relocation costs to be incurred by the JPB.

3. The Director of Planning has declared that the proposed exchange of easements between the City and the JPB is consistent with the Priority Policies of Section 101.1(b) of the Planning Code and with the City's General Plan.

Recommendation: Approve the proposed resolution. .

Item 16 – File 98-1923

Departments: Recreation and Park Department (RPD)

Item: Resolution approving the first amendment to the lease between the City of San Francisco and the Golden Gate Yacht Club (Club) (a) to reduce the rental rate from 10% to 7.5% of gross monthly revenues, representing a reduction of 25% payable by the Golden Gate Yacht Club to the City, and (b) to reduce the lease term from 40 years to 30 years.

Location: Marina Yacht Harbor

Purpose of Lease Agreement: To operate and recreational boating and racing oriented yacht club.

Lessor: City and County of San Francisco

Lessee: Golden Gate Yacht Club (the Golden Gate Yacht Club)

No. of Square Feet: Under the terms of the original lease agreement, the subject property consists of a total land and water area of 31,256 square feet.

Term of Lease: The current term of the lease is 40 years, commencing June 1, 1992 and terminating on May 31, 2032. The proposed lease amendment would reduce the current term of the lease by 10 years, from 40 years to 30 years, expiring on May 31, 2022.

Rental Payment from Lessee to City: Under the original lease, the rental rate is 10% of gross receipts. The proposed rental rate is 7.5% of gross receipts.

Attachment 1 provided by Mr. Ernie Prindle of the Recreation and Park Department contains the annual gross revenues and annual rental payments due from the Club to the City over the past five years under the rental rate of 10% and the projected annual gross revenues and projected rental payments due from the Club to the City under the proposed rental rate of 7.5% for the remaining 23 years of the proposed reduced lease term.

Based on the data contained in Attachment 1, Mr. Prindle projects, that over the remaining 23 years of the proposed reduced lease term, the City would receive \$734,841 less from the Club at the proposed rental rate of 7.5% than the City would receive at the existing rental rate of 10%.

**Fair Rental Rate
Adjustment:**

Under the proposed amended lease, the rent would be adjusted to fair market rent on June 1, 2002 and on June 1, 2012. Mr. Prindle, states that he is unable to project the fair market rentals at those times and whether such adjustments to the fair market rentals will result in higher or lower rental rates.

Description:

The Golden Gate Yacht Club is a nonprofit operation which, under the terms of the original lease provides a "clubhouse with amenities for family type participation," "a meeting room and dining facilities," for the "use of marine oriented organizations," "yacht club functions," and "banquet and event functions." In April of 1992, the Board of Supervisors adopted Ordinance No. 25-92 which approved a lease between the Golden Gate Yacht Club and the City and County of San Francisco for the purpose of operating a yacht club.

On April 10, 1997, the City gave a notice of default to the Golden Gate Yacht Club regarding certain alleged breaches by the Golden Gate Yacht Club of its obligation under the Lease to pay percentage rent, install and maintain bookkeeping and accounting methods, maintain adequate books and records and provide auditors reports to the City. The Golden Gate Yacht Club disputes all of these allegations.

The Club now reports that the 10% rental rate, to which it had previously agreed on in the existing lease, was too high. According to Mr. Prindle, the Golden Gate Yacht Club presently owes the City approximately \$200,000 in back rent.

To settle these claims, Mr. Ernie Prindle of the RPD advises that the proposed lease amendment would authorize a reduction in the rental rate from 10% to 7.5% of monthly gross revenue, but would also reduce the term of the lease by ten years, from 40 years to 30 years.

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Comments:

1. Attachment 2 is a memo provided by Mr. Prindle pertaining to the justification for reducing the proposed monthly rent payable to the City by 25% from 10% to 7.5%. Notwithstanding this justification, Mr. Prindle has estimated a loss of \$734,841 in rental revenues to the City due to this proposed rental rate reduction.

2. As previously noted, the proposed legislation, in addition to reducing the rent payable to the City, would also reduce the terms of the lease by 10 years. However, in response to inquiries made by the Budget Analyst, Mr. Prindle could not state that a new lease would not be made with the Golden Gate Yacht Club at the end of the proposed reduced term of 30 years.

3. An independent appraisal dated August 28, 1997 was performed to determine the fair market rental rate. Comparables used were deli and port restaurants, with percentage rent ranging from 7% to 11%. As restaurants, these comparables do not address the other aspects of the Club beyond the Club's restaurant. The appraiser concluded that a market rental rate of 9% of gross receipts would be reasonable. Subsequent to the first appraisal, the Department of Real Estate requested another review of the matter, in response to which a supplemental addendum letter from the same appraiser dated November 25, 1997 was subsequently presented to the Recreation and Park Department, finding that the proposed rental rate of 7.5% would be reasonable, assuming a food and beverage operation that is subject to the Yacht Club's membership rules and regulations.

4. Mr. Tony Delucchi, Director of Real Estate stated that the appraiser was retained by the Department of Real Estate on behalf of the Recreation and Park Department. However, Mr. Delucchi states that he was not involved in the appraisal which served as the basis for the proposed rental rate reduction.

Recommendation:

Disapprove the proposed resolution. The Budget Analyst has not been provided with sufficient factual information which would justify a 25 percent reduction in rent payable

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Memo to Finance Committee
December 9, 1998 Finance Committee Meeting

by the Golden Gate Yacht Club to the City. As noted above, presently the Club is delinquent in the amount of \$200,000 in its rental payments to the City.

Year	Annual Gross Revenue	Rent at 10 Percent	Rent at 7.5 Percent	Difference
1993-94	\$ 840,691	\$ 84,069	\$ 63,052	\$ 21,017
1995	\$ 598,744	\$ 59,874	\$ 44,906	\$ 14,969
1996	\$ 623,851	\$ 62,386	\$ 46,790	\$ 15,597
1997	\$ 638,038	\$ 63,804	\$ 47,853	\$ 15,951
1998	\$ 654,804	\$ 66,480	\$ 49,860	\$ 16,620
1999-2022	\$ 26,027,507	\$ 2,602,751	\$ 1,952,063	\$ 650,688
Total	\$ 29,393,643	\$ 2,939,364	\$ 2,204,523	\$ 734,841

Notes/Assumptions

*Gross revenue includes deduction for SBA loan payment.

*1993 Gross Revenue is for period March through December.

*1998 Gross Revenue includes 10 months actual and straight line projection for two months

*1999-2022 Gross Revenue assumes 4 percent increase per year based upon 1998 Gross Revenue as base. 2022 includes Gross Revenue only for 5 months.



December 10, 1998

TO: Budget Analyst
FROM: Ernie Prindle *EP*
RE: Golden Gate Yacht Harbor

You have asked for a justification for the proposed reduction in rent for the Golden Gate Yacht Club from 10 to 7.5 percent of gross receipts. This reduction is based on an independent appraisal of the fair market rent for the property in question conducted through the Real Estate Department. To offset this reduction in rent for the first ten years of the lease, the Club has agreed that the rent would be adjusted to the fair market rent in the years 2002 and 2012. This modification will insure that the City receives a fair rent for the entire term of the lease. Moreover, the lease term would be reduced from 40 to 30 years, which is favorable to the City.

Please let me know if you need any further information on this issue.

McLaren Lodge, Golden Gate Park
501 Sanyan Street
San Francisco, CA 94117-1898

FAX: (415) 831-2099
Phone: (415) 831-2700

Items 17 and 18 – Files 98-1980 and 98-1981

Department: Department of Human Services (DHS)

Items: Supplemental Appropriation in the amount of \$11,455,058 in State and Federal revenues to fund augmentation of various welfare programs and services, implementation of the new Statewide Welfare Information Network, and to provide the related necessary infrastructure and administrative capacity. Amendment to the Annual Salary Ordinance for the creation of 58.5 new positions at the Department of Humans Services.

Amount: \$11,455,058

Source of Funds: A summary of the funding sources, which are detailed in the Ordinance File 98-1980, is as follows:

New Federal Funds	\$4,657,250
New State Funds	<u>6,797,808</u>
Total	\$11,455,058

Requested Supplemental Expenditure Appropriations by Program, for the period January 1, 1999 through June 30, 1999:

Family and Children's Services	\$2,000,366
Adult Services	469,016
Food Stamps	47,954
Refugee Employment Services	677,768
Central Management (CalWIN)	6,095,173
Administration	<u>2,164,781</u>
Total	\$11,455,058

Description by Program:

Program: *Family and Children's Services*

Supplemental Cost	\$2,000,366
Annualized Cost	\$3,910,398

- *Child Welfare Services Block Grant* The State has provided funding for emergency caseload relief for child welfare workers. This funding cannot be used to supplant current local spending on child welfare services. DHS reports that caseload-based funding has not been evaluated in years, so the State has

provided such funds to reduce caseload ratios to a more manageable level while they develop new standards. Staff would be increased in the following Child Welfare Services Block Grant Programs: Long Term Placement Emergency Response/Court Dependency Units, Visitation, Special Projects, Child Welfare Services/Case Management System Super User.

- *Adoptions* New State and Federal legislation requires DHS to place Foster Care children into permanent placement sooner. These legislative changes will significantly increase the number of adoptions that must occur in San Francisco, which currently has the State's lowest percentage (60%) of foster children placed in permanent homes.
- *Independent Living Skills* Currently, the Independent Living Skills Program offers services to youth up to age 19 to help them prepare for independent living after they exit the foster care system. The State has allocated additional funding to extend services to former foster care youth up to the age of 21.
- *Foster Care Eligibility* Due to changes in eligibility rules, the Foster Care caseload is expected to increase in 1999. DHS requests additional funding to add staff to reduce caseload.
- *Kinship Care* This program, which provides services to caregivers who are relatives of foster children, would be expanded to serve more children and their caretakers, as well as additional support groups.
- *Asian/Pacific Islander Parental Stress Line* This program provides hotline counseling, support, and referrals to families in crisis to Chinese, Vietnamese, Cambodian, Laotian, Samoan, and Filipino communities, as part of the Family Preservation and Support Plan. The current contract with Asian Perinatal Advocates ended October 31, 1998. DHS requests additional funding to extend the contract for the Parental Stress Line for the period November 1, 1998 through June 30, 1999.
- *Child Abuse Prevention* Currently, the Child Abuse Prevention Program provides child abuse reporting training to DHS staff, other professionals, and community members regarding child abuse issues, prevention, reporting requirements, and child protective services. DHS requests additional funding to extend the contract with the San Francisco Child Abuse Council to include outreach to schools.
- *Neighborhood System of Care Demonstration* Currently, child welfare staff work in teams with staff from schools, community agencies, career centers, and family resource centers in the Southeast area of the City to support and preserve families. DHS requests additional funding to add one substance abuse counselor and one psychological consultant to the team.

Family and Children's Services Expenditure Request

Description	Amount
<u>Personal Services</u>	
Permanent Salaries	\$1,007,144
Add 44.5 positions (20.63 FTE)	1,007,144
<u>Mandatory Fringe Benefits</u>	252,793
Mandatory Fringe Benefits (estimated at 25.1% of permanent salaries)	252,793
<u>Non Personal Services</u>	334,823
Social Service Contracts	
Youth Ombudsman for Independent Living Skills	50,000
Kinship Care Contract	47,500
Services for Independent Living Skills	150,000
Parental Stress Hotline	23,333
Child Abuse Prevention	63,990
<u>Services of Other Departments</u>	<u>405,607</u>
Department of Public Health - Mental Health	
Neighborhood System of Care Demonstration Project	
Total Supplemental Request	\$2,000,366

Program: Adult Services

Special Circumstances Program for Elderly and Disabled Adults

Supplemental Cost	\$317,099
Annualized Cost	\$282,725

The State has recognized the need for increased services to elderly and disabled adults in San Francisco and has restored the Special Circumstances Program, which will fund one time purchases necessary for the health and well-being of elderly and disabled adults receiving Supplemental Security Income (SSI).

Serving an Increased In Home Supportive Services Caseload

Supplemental Cost	\$151,917
Annualized Cost	\$327,686

DHS reports that the State caseload standard for In Home Support Services (IHSS) is 155 cases per worker. In FY 1997-98, DHS workers carried an average of 248 cases each, and the current caseload in FY 1998-99 is 261 cases each. The State allocated \$151,917 to increase IHSS staff to reduce the caseload by 16, from 261 to 245.

Adult Services Expenditure Request

Description	Amount
<u>Personal Services</u>	
Permanent Salaries	\$140,602
Add 7 positions (3.23 FTE)	140,602
<u>Mandatory Fringe Benefits</u>	35,291
Mandatory Fringe Benefits (estimated at 25.1% of permanent salaries)	35,291
<u>Assistance</u>	293,122
Special Circumstances for Adults	
Total Supplemental Request	\$469,015

Program: Food Stamps

Supplemental Cost	\$47,954
Annualized Cost	\$103,439

The State has restored benefits to immigrants between the ages of 18 and 64 who meet the new work requirements for this age group, as well as administrative costs to service this new group.

Food Stamps Expenditure Request

Description	Amount
<u>Personal Services</u>	
Permanent Salaries	\$38,333
Add 2 positions (0.93 FTE)	38,333
<u>Mandatory Fringe Benefits</u>	<u>9,622</u>
Mandatory Fringe Benefits (estimated at 25.1% of permanent salaries)	9,622
Total Supplemental Request	\$47,954

Program: Employment Services for Refugees

Supplemental Cost	\$677,768
Annualized Cost	\$221,857

The State has allocated additional funds to San Francisco to provide employment services for refugees through the Private Industry Council. The State requires these funds pass through DHS. This supplemental appropriation of \$677,768 includes \$455,911 of rollover funds from FY 1997-98.

Employment Services for Refugees Expenditure Request

Description	Amount
<u>Non Personal Services</u>	\$677,768
Social Services Contracts	
Private Industry Council	\$677,768
Total Supplemental Request	\$677,768

Program: Central Management - California Welfare Information Network (CalWIN)

Supplemental Cost	\$6,095,173
Annualized Cost	\$6,192,174

The State is beginning to implement the new, PC-based computer network to store welfare information. They have fully funded three positions to implement the system as well as the cost of developing the system.

CalWIN Expenditure Request

Description	Amount
<u>Personal Services</u>	
Permanent Salaries	\$29,115
Add 3 positions (0.63 FTE)	29,115
<u>Mandatory Fringe Benefits</u>	7,308
Mandatory Fringe Benefits (estimated at 25.1% of permanent salaries)	7,308
<u>Non Personal Services</u>	6,016,250
Travel	11,250
Training	5,000
Professional Services Contracts	
CalWIN Contract	6,000,000
<u>Capital Equipment</u>	<u>42,500</u>
Computer Equipment	
6 computers at an average of \$4,583 each	27,500
Furniture and other equipment for 5 staff at 3,000 each	15,000
Total Supplemental Request	\$6,095,173

Program: Administrative/Support Staff and Operating Costs

Supplemental Cost	\$2,164,781
Annualized Cost	\$1,043,254

The changes described above will require additional administrative and support staff and operating expenses, including: (1) cars to equip new child welfare staff for their fieldwork, and (2) rent, furniture, equipment, and wiring to prepare a new site and renovate current sites to accommodate the staff expansion. DHS also plans to workorder to the Mayor's Office of Children, Youth and Families to contract for childcare, latch-key, and family-related services in the Tenderloin neighborhood.

Administrative and Overhead Expenditure Request

Description	Amount
<u>Personal Services</u>	
Permanent Salaries	\$0
Add 2 positions (0.93 FTE)	37,788
Increase Salary Savings (-0.93FTE)	(\$37,788)
<u>Mandatory Fringe Benefits</u>	0
Mandatory Fringe Benefits (estimated at 25.1% of permanent salaries)	9,622
Increase Salary Savings	(9,622)
<u>Non Personal Services</u>	196,342
Professional Services Contracts	
Brochures	15,000
Other Current Expenses	
Lease of Space for Family and Children's Services See Comment No. 7	96,000
Tenant Improvements	80,776
Photocopy Leases	4,566
<u>Materials and Supplies</u>	169,500
Materials and Supplies Furniture and office equipment for new staff See Comment No. 8	

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<u>Capital Outlay</u>	397,900
Equipment Purchase	
Computers for new staff	144,000
31 computers at \$4,500 each and wiring at \$3,750	
See Comment No. 9	
Computer for Human Resource Information Service	45,000
10 computers at \$4,500 each	
Computer for In Home Support Services Screening	27,000
6 computers at \$4,500 each	
In Home Support Services Phone Tracking System	20,000
County Adult Assistance Program Metal Detectors	10,000
2 metal detectors at \$5,000 each	
Automobiles for Family and Children's Services staff	151,900
10 automobiles at \$15,190 each	
 <u>Services of Other Departments</u>	 1,401,039
Mayor's Office of Children, Youth and Families	
Childcare, Latch-key, and Family Services	
See Comment No. 10 for details	
 Total Supplemental Request	 \$2,164,781

Comments:

1. Attachment 1 to this report details the proposed creation of 58.5 positions, by specific program as requested under this subject legislation, representing 25.42 FTEs and \$1,215,193 in salary expenditures for FY 1998-99.
2. No General Fund monies would be used for this supplemental appropriation in the amount of \$11,455,058 since all proposed expenditures are supported by new State and Federal Revenues. Attachment 2, provided by Mr. Daniel Kim of DHS, explains that the proposed staff additions and program expansions would result in a General Fund savings of \$236,984 in FY 1998-99.
3. Based on DHS projections, the full year annual total expenditures in FY 1999-00 resulting from the new positions and programs included in this supplemental appropriation would amount to approximately \$12,081,534 to be offset by new State and Federal revenues of approximately \$12,405,049, therefore

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resulting in decreased General Fund requirements of \$323,515, beginning in FY 1999-00.

4. The annual cost of the requested 58.5 new positions would range from \$3,337,106 at Step 1, including salaries of \$2,667,551 and fringe benefits of \$669,555, to \$3,999,204 at Step 5, including salaries of \$3,196,806 and fringe benefits of \$802,398.

5. Of the 58.5 proposed new positions, 10 would be hired at Step 5. Mr. Kim reports that hiring at Step 5 is necessary because these 10 positions are Supervisory or Section Manager positions and the candidates will be promoted from within and would qualify for the highest step.

6. Of the 58.5 requested new positions, 53.5 positions assume a start date of January 11, 1998. Mr. Kim reports that the Department of Human Resources has prepared lists of eligible candidates for all the classifications, however the Budget Analyst finds DHS' assumption of a January 11, 1999 hiring date for 53.5 positions to be unrealistic. As such, the Budget Analyst recommends that funding be reduced to allow 28 of the new 53.5 positions to be hired with a start date of February 10, 1998 as follows:

Family and Children's Services

Permanent Salaries reduced by \$92,081, from \$1,007,144 to \$915,063
Fringe Benefits reduced by \$23,112, from \$252,793 to \$229,681

Adult Services

Permanent Salaries reduced by \$14,213, from \$140,602 to \$126,389
Fringe Benefits reduced by \$3,567, from \$35,291 to \$31,724

Food Stamps

Permanent Salaries reduced by \$3,327, from \$38,333 to \$35,006
Fringe Benefits reduced by \$835, from \$9,622 to \$8,787

In total, Permanent Salaries should be reduced by \$109,621 from \$1,215,193 to \$1,105,572 and Fringe Benefits should be reduced by \$27,514 from \$305,103 to \$277,589.

7. DHS has requested \$96,000 the fund a new lease of space to accommodate additional staff and expanded services in the Family and Children's Services Program. The proposed lease would be for 10,000 square feet adjacent to existing DHS space in the Bayview Plaza, at a rate of \$1.60 per square foot for the six month period of January 1, 1999 through June 30, 1999. According to Mr. Christian Griffith of DHS, the proposed lease would be occupied by 40 new and existing employees, at 250 square feet per employee. Mr. Griffith notes that the proposed lease includes several common areas such as waiting and meeting rooms.

8. In the Administrative Support Program, DHS has requested Materials and Supplies in the amount of \$169,500 to fund furniture and office equipment for the 58.5 new positions at a cost of \$3,000 each. However, under the CalWIN Program budget, DHS also requested furniture and office equipment for five positions, three of which are new positions. As such, DHS has duplicated the furniture request for three of the 58.5 positions. Therefore, in the Administrative Support Program, the Materials and Supplies budget should be reduced by \$9,000 (3 positions at \$3,000 each), from \$169,500 to \$160,500.

9. DHS has requested \$397,900 for Capital Equipment in the Administrative Support Program which includes \$144,000 for computers to serve new staff in the Family and Children's Services Program. DHS provided justification of 31 computers at \$4,500 each and computer wiring for a new site at \$3,750, for a total of \$143,250. As such, the Capital Equipment budget should be reduced by \$750.

10. Attachment 3, provided by DHS, provides an explanation for the workorder to the Mayor's Office of Children, Youth and Families (MOCYF) in the amount of \$1,401,039. MOCYF has selected Glide Memorial Church as a contractor to provide \$401,039 in Childcare, Latch-key and Family Services in the Tenderloin, for the period March 1, 1999 through June 30, 1999. As also shown in the budget in Attachment 3, MOCYF would allocate \$1,000,000 to capital expenses to partially fund the

construction of a Family Support Center, sited adjacent to Glide.

Recommendations:

1. In accordance with Comment No. 6, amend the ordinance (File 98-1980) to reduce the request for Permanent Salaries by \$109,621, from \$1,215,193 to \$1,105,572 and Fringe Benefits by \$27,514 from \$305,103 to \$277,589.
2. In accordance with Comment No. 8, reduce the request for Materials and Supplies in the Administrative Support Program by \$9,000, from \$169,500 to \$160,500.
3. In accordance with Comment No. 9, amend the ordinance (File 98-1980) to reduce the request for Capital Equipment in Administrative Support Program by \$750, from \$397,900 to \$397,150.
4. Approve the proposed ordinance as amended (File 98-1980) and approve the proposed amendment to the Annual Salary Ordinance (File 98-1981).

Positions Created by Program

Family and Children's Services

Classification and Title	No. of Positions	FTEs	Biweekly Rate	Amount	Step 1 (Biweekly Annual)	Step 5 (Biweekly Annual)
1426 Senior Clerk Typist	3	1.39	\$1,270	\$46,101	\$1,270	\$1,539
					33,147	40,168
1444 Secretary I	2	0.93	1,211	29,306	1,211	1,467
					31,607	38,289
2904 Human Service Technician	4	1.85	1,346	65,146	1,346	1,630
					35,131	42,543
2905 Senior Eligibility Worker	1.5	0.7	1,584	28,750	1,584	1,923
					41,342	50,190
2912 Senior Social Worker	4	1.85	1,634	79,086	1,634	1,985
					42,647	51,809
2914 Social Work Supervisor	2	0.93	2,230	53,966	1,835	2,230
					47,894	58,203
2917 Proram Support Analyst	1	0.46	2,621	31,714	2,156	2,621
					56,272	68,408
2940 Child Welfare Worker	22	10.2	1,918	510,572	1,918	2,332
					50,060	60,865
2944 Child Welfare Supervisor	4	1.85	2,621	126,856	2,156	2,621
					56,272	68,408
2948 Section Manager DHS	1	<u>0.46</u>	<u>2,946</u>	<u>35,647</u>	2,424	2,946
					63,266	76,891
Total	44.5	20.63	\$19,381	\$1,007,144		

Adult Services

Classification and Title	No. of Positions	FTEs	Biweekly Rate	Amount	Step 1 (Biweekly Annual)	Step 5 (Biweekly Annual)
1426 Senior Clerk Typist	1	0.46	\$1,270	\$15,367	\$1,270	\$1,539
					33,147	40,168
2905 Senior Eligibility Worker	1	0.46	1,584	19,166	1,584	1,923
					41,342	50,190
2912 Senior Social Worker	4	1.85	1,634	79,086	1,634	1,985
					42,647	51,809
2914 Social Work Supervisor	1	<u>0.46</u>	<u>2,230</u>	<u>26,983</u>	1,835	2,230
					47,894	58,203
	7	3.23	\$6,718	\$140,602		

Food Stamps

Classification and Title	No. of Positions	FTEs	Biweekly Rate	Amount	Step 1 (Biweekly Annual)	Step 5 (Biweekly Annual)
2905 Senior Eligibility Worker	2	0.93	\$1,584	\$38,333	\$1,584 41,342	\$1,923 50,190

CalWIN

Classification and Title	No. of Positions	FTEs	Biweekly Rate	Amount	Step 1 (Biweekly Annual)	Step 5 (Biweekly Annual)
1052 IS Business Analyst	1	0.16	\$1,876	\$7,692	\$1,876 48,964	\$2,281 59,534
2913 Program Specialist	1	0.31	1,756	14,224	1,756 45,832	2,135 55,724
2913 Program Specialist	1	0.16	1,756	7,200	1,756 45,832	2,135 55,724
	3	0.63	\$5,388	\$29,116		

Administration

Classification and Title	No. of Positions	FTEs	Biweekly Rate	Amount	Step 1 (Biweekly Annual)	Step 5 (Biweekly Annual)
1220 Payroll Clerk	1	0.46	\$1,425	\$17,243	\$1,425 37,193	\$1,727 45,075
1446 Secretary II	1	0.46	1,698	20,545	1,401 36,566	1,698 44,318
Salary Savings	-2	-0.92		(37,788)		
	0	0	\$3,123	0		

Total New Positions: 58.5

Total FTE FY 1998-99: 25.42

Total Amount FY 1998-99: \$1,215,193

**Department of
Human Services**

Memo

To: Taylor Emerson (Fax 252-0461/Phone 554-7642)
From: Daniel Kim (Fax 431-9270/Phone 557-5661)
Date: 12/03/98
Re: Responses to Supplemental Questions #6

This memo responds to your follow-up question from yesterday. You asked me:

What, if any, GF savings will you generate through your Supplemental Request?

For the Supplemental, we are generating \$11,695,399 in additional State and Federal revenue. Of this amount, we propose to spend \$11,458,415 million in FY98-99. Consequently, our Supplemental request will generate a net General Fund savings of \$236,984 in FY98-99.

In out years, we also anticipate General Fund savings as a result of our Supplemental request. Specifically, we project that our Supplemental request will generate \$12,405,049 in additional State and Federal revenues on an annual basis. Of this amount, we project we will spend \$12,081,534 on an annual basis. Consequently, we project our Supplemental request will generate a net General Fund savings of \$323,515 million on an annual basis.

MEMORANDUM

December 3, 1998

TO: Taylor Emerson, Budget Analyst

FROM: Daniel Kim, DHS Budget & Fiscal Operations Manager

RE: Supplemental Appropriation Request to Improve Childcare, Latch-key, and Family-related Services in the Tenderloin

This memo provides additional information regarding the supplemental appropriation request to Improve Childcare, Latch-key, and Family-related Services in the Tenderloin neighborhood.

Our Supplemental request includes a \$1.4 million workorder to the Mayor's Office of Children, Youth and Families. These monies will then be contracted for the purposes of providing childcare, latch-key, and family-related services in the Tenderloin neighborhood. Below, we summarize the major components of the request.

Target Clients

The center will provide three different levels of service to families: (1) core group or full services, (2) modified service, and (3) single service. The core group of about 25 TANF families (est. 27 adults and 95 children) will receive a full menu of services. About 40 families (42 adults and 95 children) will receive modified services, which will include some but not all of the center's services. The single service will provide about 200 single parents with various parenting and career services.

Services

The center will provide services to three different types of clients: (1) licensed child care for toddlers and preschool children, (2) latch-key services for school aged children and youth, and (3) family-related services.

- **Licensed childcare.** The contractor will provide childcare for an estimated 44 slots for children age 18 months to 5 years. These children will participate in a developmentally appropriate preschool curriculum.
- **Latch-key services.** Children and youth age six to seventeen will receive an intensive, comprehensive range of services, including a life skills curriculum that is developmentally appropriate for each age group.
- **Family-related services.** Participating adults will receive training on parenting, life skills, and career services.

Expenditures

This supplemental request includes \$1.0 million to partially cover the cost of one-time capital outlays for the contractor's center. This request also includes operating costs of \$401,039 for this fiscal year. This money will partially cover the cost of staff who will provide the childcare, latch-key, and family-related services.

**Department of
Human Services**

Memo

To: Taylor Emerson (Fax 252-0461/Phone 554-7642)

From: Daniel Kim (Fax 431-8270/Phone 557-5661)

Pages: 5

Date: 12/03/98

Re: Response to Supplemental Questions #8

For the MOCYF workorder, the funding we propose to provide through the MOCYF workorder would break-out as follows:

Program Component	FY98-99
Capital Outlay*	\$1,000,000
Childcare Services	\$28,814 (Mar 1 – June 30)
Family-related Services	\$135,221 (Mar 1 – June 30)
Youth Services	\$107,908 (Mar 1 – June 30)
Phase-in Costs*	\$129,098 (Jan 1 – Feb 28)
Total	\$1,401,039

*Capital Outlay and Phase-in (i.e. start-up) costs are one-time only.

If you have any further questions, please don't hesitate to call me at 557-5661.

Item 19 - File 98-1974

Item: Ordinance authorizing the participation in the proposed multi-state settlement of tobacco litigation.

Description: According to the proposed ordinance, the City and County of San Francisco brought a lawsuit entitled People v. Philip Morris, et. al. in September of 1996, alleging unfair and unlawful business practices by the tobacco industry. San Francisco's lawsuit was subsequently coordinated with four other tobacco lawsuits, including the California Attorney General's lawsuit against the tobacco industry. In August of 1998, the California Attorney General entered into a Memorandum of Understanding (MOU) with California cities and counties to distribute one-half of any settlement from these lawsuits to these California cities and counties.

A tentative settlement agreement was reached on November 23, 1998 between the State Attorney General and the four major tobacco manufacturers, including Philip Morris, Inc. R.J. Reynolds Tobacco Company, Brown & Williamson Tobacco Corporation and Lorillard Tobacco Company to (1) prohibit the use of cartoons in advertising, promoting, packaging or labeling tobacco products; (2) prohibit the distribution of free samples of cigarettes except in certain circumstances; (3) dissolve the tobacco Institute and the Center for Indoor Air Research (4) prohibit the industry's entering into agreements to inhibit anti-tobacco advertising (5) prohibit the industry's licensing of brand names to third-parties to be used in a manner forbidden to the industry; (6) prohibit the industry's product placements in motion pictures, television shows, theatrical productions or other live or recorded performances of music, commercial films or videos, or video games; and (7) pay approximately \$25 billion to the State of California over the next 25 years. Under the MOU, the City and County of San Francisco would receive approximately \$586 million over 25 years, subject to certain adjustments. The proposed ordinance would authorize the City's participation in this proposed multi-state settlement of tobacco litigation.

BOARD OF SUPERVISORS
BUDGET ANALYST

Comments:

1. Mr. Pat Mahoney of the City Attorney's Office reports that the City and County of San Francisco expended \$1,355,776 for City Attorney costs (approximately 9,039 hours at an average rate of \$150 per hour), plus \$18,795 on outside experts, for a total cost of \$1,374,571 on this case against the tobacco industry.

2. According to Mr. Mahoney, the proposed ordinance will be discussed in closed session with the members of the Finance Committee. Therefore, Mr. Mahoney advises that any additional details and further questions should be discussed in closed session.

3. The proposed ordinance would authorize the City Attorney's Office to settle its lawsuits with the tobacco industry, in return for public health benefits and payment of \$586 million to the City and County of San Francisco over 25 years. The Budget Analyst notes that the proposed ordinance does not address the expenditure of such funds. Authorization for expenditure of such funds would be subject to separate budgetary appropriation approval by the Mayor and the Board of Supervisors.

Recommendation:

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 20 - File 98-1975

Item: Ordinance authorizing the participation in the settlement of litigation concerning the State of California against the Bank of America.

Description: According to the proposed ordinance, the City and County of San Francisco brought a lawsuit against the Bank of America in May of 1997, entitled State of California ex rel.¹ Stull v. Bank of America, alleging false claims, unfair and unlawful business practices, breach of contract and negligence on the part of the Bank of America. In November of 1998, the California Attorney General's Office entered into an agreement with San Francisco, and with other cities, counties and special districts that issued municipal bonds, to distribute approximately 40 percent of any settlement of the case to such cities, counties and special districts. In addition to this provision, under that agreement, San Francisco was to receive a premium of between \$7.5 million and \$10 million.

On November 10, 1998, the State of California and the City and County of San Francisco negotiated a settlement with the Bank of America, in which the Bank will pay to the State and to all of the applicable other cities, counties and special districts (defined as every issuer of municipal debt in California, subject to limitations in the settlement), a total of \$187.5 million, plus interest at the rate of five percent beginning November 20, 1998, in addition to \$10.6 million previously paid by the Bank of America to the State and to all of the applicable other cities, counties and special districts. According to the proposed ordinance, San Francisco is expected to receive in excess of \$15 million, representing its costs and attorney's fees estimated at \$4 million, the premium for its work in the litigation estimated in the range of \$7.5 to \$10 million and its pro rata share of the funds

¹ Ex Relatione (ex rel.) are legal proceedings instituted by the Attorney General on behalf of the State, but on information and at the instigation of another who has a private interest in the matter.

recoverable by issuers of municipal bonds, estimated at a minimum of \$3 million.

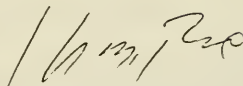
Comments:

1. Mr. Pat Mahoney of the City Attorney's Office reports that the City and County of San Francisco expended \$2,744,789 for City Attorney costs (approximately 17,155 hours at an average rate of \$160 per hour), plus \$1,953,199 for outside experts, for a total cost of \$4,697,988 on this Bank of America lawsuit.

2. According to Mr. Mahoney, the proposed ordinance will be discussed in closed session with the members of the Finance Committee. Mr. Mahoney reports that any additional details, including the payment of the proposed settlement and any further questions should be discussed in closed session.

3. The proposed ordinance would authorize the City Attorney's Office to settle its lawsuit with the Bank of America, in return for the payment of approximately \$15 million. The Budget Analyst notes that the proposed ordinance does not address the expenditure of such funds. Authorization for expenditure of such funds would be subject to separate budgetary appropriation approval by the Mayor and the Board of Supervisors.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Teng
President Kaufman
Supervisor Newsom
Supervisor Ammiano
Supervisor Bierman
Supervisor Brown
Supervisor Katz
Supervisor Leno
Supervisor Medina
Supervisor Yaki
Supervisor Yee
Clerk of the Board
Controller
Gail Feldman
Matthew Hymel
Stephen Kawa
Ted Lakey



City and County of San Francisco

Meeting Agenda

Finance Committee

Members: Supervisors Mabel Teng, Barbara Kaufman, Gavin Newsom

Clerk: Joni Blanchard

Wednesday, December 16, 1998

1:00 PM

Veterans Building
401 Van Ness Ave., Room 410
San Francisco, CA 94102

Regular Meeting

CONSENT AGENDA

All matters listed hereunder constitute a Consent Agenda, are considered to be routine and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee so requests, in which event the matter shall be removed from the Consent Agenda and considered as a separate item.

1. 981998 [Reserved Funds, Mayor's Office of Housing]
Hearing to consider release of reserved funds, Mayor's Office of Housing (1988 Community Development Block Grant Program, Resolution 121-98), in the amount of \$381,491 from Housing Program Pools, and \$53,767 from Housing Program Administration, to provide the necessary financing for the 1601 Howard Street project. (Mayor)

11/24/98, RECEIVED AND ASSIGNED to Finance Committee.
2. 982021 [Reserved Funds, Mayor's Office of Community Development]
Hearing to consider release of reserved funds, Mayor's Office of Community Development, (1998 Emergency Shelter Grants, Resolution No. 122-98) in the amount of \$200,000 to fund the Community Awareness and Treatment Services (CATS) Project. (Mayor)

12/1/98, RECEIVED AND ASSIGNED to Finance Committee.
3. 982035 [Reserved Funds, City Administrator]
Hearing to consider release of reserved funds, City Administrator, (Convention Facilities Fund, Ordinance No. 97-95), in the amount of \$1,093,000 to reimburse Redevelopment Agency for performing capital improvements at the Children's Place and Moscone Center. (Administrative Services Department)

12/1/98, RECEIVED AND ASSIGNED to Finance Committee.

REGULAR AGENDA

4. 981961 [Salary Ordinance Amendment, County Agriculture/Weights and Measures]
Ordinance amending Ordinance No. 243-98 (Annual Salary Ordinance, 1998-1999), County Agriculture/Weights and Measures, reflecting the creation of 2.5 positions (Class 6220 Inspector of Weights and Measures and Class 1424 Clerk Typist). (Department of Human Resources)
11/18/98, RECEIVED AND ASSIGNED to Finance Committee.
5. 982003 [Reserved Funds, Department of Public Health]
Hearing to consider release of reserved funds, Department of Public Health-Community Health Service, (Ordinance No. 308-98, Mangini settlement revenue), in the amount of \$100,000 to fund work order services from Agriculture/Weights and Measures for enforcement services. (Department of Public Health)
11/23/98, RECEIVED AND ASSIGNED to Finance Committee.
6. 981927 [Union Square Business Improvement District Advisory Board] Supervisor Kaufman
Resolution establishing an Advisory Board to make recommendations to the Board of Supervisors on the expenditure of revenues derived from assessments, on the classification of properties within, and on the method and basis for levying assessments upon, property located within the Union Square Business Improvement District.
11/16/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 12/16/1998.
7. 981936 [Penalties, Late Payment of Parking Tickets] Supervisor Teng
Ordinance amending Traffic Code by adding Section 131 to Article 7, adopting a penalty schedule for the late payment of parking tickets and providing that the Board of Supervisors may by resolution declare periods of amnesty during which late payment penalties would be forgiven upon prompt payment of the underlying fine.
(Adds Section 131.)
11/16/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 12/16/1998.
8. 982026 [PUC Commercial Paper Issuance]
Resolution approving the issuance of up to \$225,000,000 aggregate principal amount outstanding at any one time of San Francisco Public Utilities Commission Commercial Paper Notes (Water Series) pursuant to Chapter 84 of Part I of the San Francisco Municipal Code in one or more series for the purpose of financing and refinancing certain capital improvements related to the Water Enterprise; approving the maximum interest rate thereon; and related matters. (Public Utilities Commission)
12/2/98, RECEIVED AND ASSIGNED to Finance Committee.

9. 982010 [Appropriation, Dept of Public Transportation]

Ordinance appropriating \$16,105,000, Department of Public Transportation, of the General Fund Reserve to fund the cost of the MUNI Metro recovery contract, implement various improvements throughout the MUNI system, address the deficit in fare revenue and supplement the increased cost of the use of MUNI Fast Passes on BART, and providing for the creation of 18 positions and the deletion of 14 positions for fiscal year 1988-1999; companion measure to File 982011. (Public Transportation Commission)

11/25/98, RECEIVED AND ASSIGNED to Finance Committee.

12/7/98, SUBSTITUTED. Submitted by the Mayor.

12/7/98, ASSIGNED to Finance Committee.

10. 982011 [Public Employment]

Ordinance amending Ordinance No. 243-98 (Annual Salary Ordinance, 1998-1999), Department of Transportation, reflecting the creation of 18 positions and the deletion of 14 positions; companion measure to File 982010. (Department of Human Resources)

11/25/98, RECEIVED AND ASSIGNED to Finance Committee.

12/7/98, SUBSTITUTED. Substituted by Mayor.

12/7/98, ASSIGNED to Finance Committee.

11. 982047 [Pedestal-Mounted Newsrack Agreement]

Supervisor Kaufman

Ordinance approving the pedestal-mounted newsrack agreement by and between the City and County of San Francisco and Adshel Inc. which allows for the provision, installation and maintenance of pedestal mounted newsracks on public property; approving an indemnification of the contractor by the City for all claims initiated by a publisher holding a permit for a newsrack box or other publisher concerning the newsracks, their operation or the agreement with Adshel, Inc., and authorizing the Director of the Department of Public Works to make changes to the Department of Public Works Director's orders incorporated by reference in the agreement with Adshel, Inc.

12/7/98, RECEIVED AND ASSIGNED to Finance Committee.

12. 982063 [Tax Collector's Office Management Audit]

Supervisor Kaufman

Hearing to consider the follow-up review of the 1995 Management Audit of the Tax Collectors' Office.

12/7/98, RECEIVED AND ASSIGNED to Finance Committee.

13. 981719 [Audit of Transient Occupancy Tax Payments]

Supervisor Newsom

Resolution urging the Tax Collector to conduct an audit of transient occupancy tax payments from certain single room occupancy hotels.

10/13/98. RECEIVED AND ASSIGNED to Finance Committee.

LITIGATION

This Committee of the Board of Supervisors may meet in closed session under the provisions of Government Code Section 54956.9(a) to discuss proposed settlements of the lawsuits listed below, these lawsuits involving the City and County of San Francisco. This motion would be made on the basis that discussion in open session of these proposed settlements would prejudice the position of the City in these lawsuits.

14. 981923 [Golden Gate Yacht Club Lease Amendment]

Ordinance approving the First Amendment to the lease between the City and the Golden Gate Yacht Club to reduce the rental rate from 10 percent to 7.5 percent of the Club's monthly gross revenue and reducing the lease term from 40 to 30 years. (City Attorney)

11/13/98, RECEIVED AND ASSIGNED to Finance Committee.

12/9/98, CONTINUED. Heard in Committee. Continued to December 16, 1998 meeting (as a closed session item). Speakers: Harvey Rose, Budget Analyst; Joel Robinson, Acting Director, Recreation and Park Department - support.

This Committee of the Board of Supervisors may find that it is in the best interests of the City not to disclose any information revealed in its closed session deliberations in the above items at this time and may move not to disclose any information at this time.

IMPORTANT INFORMATION

NOTE: Persons unable to attend the meeting may submit to the City, by the time the proceeding begins, written comments regarding the agenda items above. These comments will be made a part of the official public record and shall be brought to the attention of the Board of Supervisors. Any written comments should be sent to Committee Clerk, Finance Committee, San Francisco Board of Supervisors, 401 Van Ness Avenue, Room 308, San Francisco, California 94102 by 5:00 p.m. on the day prior to the hearing. Comments which cannot be delivered to the committee clerk by that time may be taken directly to the hearing at the location above.

ADJOURNMENT

LEGISLATION UNDER THE 30-DAY RULE

Rule 5.40 provides that when an ordinance or resolution is introduced which would CREATE OR REVISE MAJOR CITY POLICY, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. The provisions of this rule shall not apply to the routine operations of the departments of the City or when a legal time limit controls the hearing timing. In general, the rule shall not apply to hearings to consider subject matter when no legislation has been presented, nor shall the rule apply to resolutions which simply URGE action to be taken.

15. 981936 [Penalties, Late Payment of Parking Tickets] Supervisor Teng
Ordinance amending Traffic Code by adding Section 131 to Article 7, adopting a penalty schedule for the late payment of parking tickets and providing that the Board of Supervisors may by resolution declare periods of amnesty during which late payment penalties would be forgiven upon prompt payment of the underlying fine.

(Adds Section 131.)

11/16/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 12/16/1998.
16. 981927 [Union Square Business Improvement District Advisory Board] Supervisor Kaufman
Resolution establishing an Advisory Board to make recommendations to the Board of Supervisors on the expenditure of revenues derived from assessments, on the classification of properties within, and on the method and basis for levying assessments upon, property located within the Union Square Business Improvement District.

11/16/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 12/16/1998.

Watch future agendas for matters.

Disability Access

Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop, the #71 Haight/Noriega, the F line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.

There is accessible parking in the vicinity of the Veterans Building adjacent to Davies Hall and the War Memorial Complex.

Assistive listening devices are available for use in the Meeting Room and the Board Chamber. A device can be borrowed prior to or during a meeting. Borrower identification is required and must be held by Room 308 staff.

The following services are available on request 48 hours prior to the meeting or hearing:

For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.

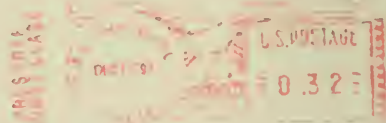
For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

**FINANCE COMMITTEE
S.F. BOARD OF SUPERVISORS
VETERANS BUILDING
401 VAN NESS AVENUE, ROOM 308
SAN FRANCISCO, CA 94102**

IMPORTANT HEARING NOTICE!!!



Bill Lynch
Govt Information Ctr
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100 Larkin Street

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7
/16/98
CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

December 11, 1998

TO: Finance Committee
FROM: Budget Analyst *Recommendations for meeting of*
SUBJECT: December 16, 1998 Finance Committee Meeting

DOCUMENTS DEPT
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Item 1 – File 98-1998

Department: Mayor's Office of Housing (MOH)

Item: Hearing to consider the release of reserved funds of \$435,258 including \$381,491 from Community Housing Rehabilitation Program (CHRP) Pools and \$53,767 from the Housing Program Administration, to rehabilitate (a) a building located at 1601 Howard Street owned by the Tenderloin Neighborhood Development Corporation and (b) the San Christina Hotel located at 1000 Market Street owned by the Community Housing Partnership.

Amount: \$435,258

Source of Funds:

1998 Community Development Program	
CHRP Pool	\$381,491
Housing Program Administration	<u>53,767</u>
Total	\$435,258

Description: In approving the 1998 Community Development Block Grant Program (Resolution 121-98), the Board of Supervisors reserved \$53,767 for Housing Program Administration and \$381,491 for the CHRP Pool. The Mayor's Office of Housing (MOH) is now requesting the release of the previously reserved funds of \$435,258 including \$381,491 from the CHRP Pool and \$53,767 from Housing Program Administration funds to rehabilitate the following two buildings:

1601 Howard St.
(Tenderloin Neighborhood Development Corporation, TNDC) \$421,721

San Christina Hotel at 1000 Market St.
(Community Housing Partnership, CHP) 13,537

Total \$435,258

The \$421,721 will be added to an amount of \$450,000 previously allocated by the Board of Supervisors for the rehabilitation of 1601 Howard Street for a total project cost of \$871,721. The rehabilitation involves the repair of 12-two bedroom housing units. The building also contains commercial spaces including a work studio and office space. The 12 rehabilitated two bedroom housing units will provide affordable housing to low income families.

The \$13,537 will be added to an amount of \$206,463 previously allocated by the Board of Supervisors primarily for the repair of the elevator in the San Christina Hotel at 1000 Market St. for a total repair cost of \$220,000. The San Christina Hotel provides 58 housing units to formerly homeless individuals.

Budget: A budget for each of the two projects, provided by MOH, is contained in the Attachment to this report.

Comments: 1. According to Mr. Higashi of MOH, Housing Program Administration funds are normally used for staffing and other operating funds for HDCs. Mr. Higashi states that MOH has determined that the \$53,767 on reserve is no

Memo to Finance Committee
December 16, 1998 Finance Committee Meeting

longer needed for Housing Program Administration and can be released for the requested rehabilitation work.

2. The rehabilitation funds will be provided to the TNDC and CHP as 50-year deferred payment loans. According to Mr. Higashi, these loans require the building owner to retain the housing units for the use by low-income recipients.

Recommendation: Approve the requested release of reserved funds.

1601 Howard St./Tenderloin Neighborhood Development Corporation

The Tenderloin Neighborhood Development Corporation recently completed a more thorough analysis of the rehabilitation needs at 1601 Howard Street. The updated scope of work and cost estimates now indicate that at least \$871,721 will be needed to complete the renovation. Since \$450,000 has already been approved in the 1998 CDBG budget for this project, another \$421,721 of CDBG funding is needed.

Construction

Health and Safety Upgrades (sprinklers, signage, alarms, etc.)	91,751	
Plumbing, wall finishes, windows	80,804	
Exterior siding repair and weather proofing	67,771	
Disabled Access improvements	112,275	
Substantial rehab. of two additional units	100,000	
Overhead and Profit	60,118	
Construction Contingencies	92,077	
Subtotal Construction		604,795

Soft Costs

Architecture	25,577	
Other Design Professionals	7,755	
Building Permit/Fees	20,710	
Developer Fee and Admin.	48,903	
Insurance	2,643	
Temp. Tenant Relocation Expenses	2,787	
Soft Cost Contingency	12,000	
Subtotal Soft Costs		120,375

Financing Costs

Repayment of existing Loan Principal	122,651	
Interest on existing Loan	19,202	
Title Insurance/Recording fee for new Loan	4,698	
Subtotal Financing Costs		146,551
Total Budget		871,721

1000 Market St./Community Housing Partnership

The Community Housing Partnership recently completed a more thorough analysis of the capital improvement needs at 1000 Market Street. The updated scope of work and cost estimates now indicate that at least \$220,000 will be needed to complete the renovation. Since \$206,463 has already been approved in the 1998 CDBG budget for this project (*note to Budget Analyst: \$56,463 was allocated to this project from the Feb. budget line item for "Supportive Housing for homeless and disabled persons" and \$150,000 was allocated from the "CHRP Contingencies" line item.*) another \$13,537 of CDBG funding is needed.

Construction

Demolition/shoring/dewatering	10,379	
Elevator Replacement	110,245	
Wall/floor finish work	10,500	
Mechanical/Electrical	13,900	
General Conditions	23,006	
Overhead/Profit	23,470	
Construction Contingencies	12,200	
Subtotal Construction		203,700

Soft Costs

Architecture	2,500	
Other Design Professionals	3,800	
Building Permit/Fees	3,000	
Developer Admin.	5,000	
Subtotal Soft Costs		14,300

Financing Costs

Title Insurance/Recording fee for new Loan	2,000	
Subtotal Financing Costs		2,000
Total Budget:		220,000

Item 2 - File 98-2021

Department: Mayor's Office of Community Development (MOCD)

Item: Hearing to consider the release of reserved funds from the Emergency Shelter Grant Program (ESGP), in the amount of \$200,000, to renovate a basement to be used as the Community Awareness and Treatment Services Project (CATS) "A Man's Place" Drop-In Center for homeless men and women.

Amount: \$200,000

Source of Funds: \$200,000 in monies reserved in MOCD's 1998 budget for the ESGP.

Description: The U.S. Department of Housing and Urban Development's Emergency Shelter Grant Program (ESGP) was first established under the Stewart B. McKinney Homeless Assistance Act in July of 1987. ESGP is designed to: (1) improve the quality of existing emergency shelters for the homeless; (2) expand the supply of emergency shelter beds; and (3) pay the costs of operating emergency shelters, including supportive social services.

MOCD is responsible for administering and monitoring ESGP. Program funds are budgeted in five categories, including three program categories (Essential and Social Services, Maintenance and Operating Expenses, and Homeless Prevention Services), MOCD Administration, and an Emergency Shelter Grants Pool. The total 1998 ESGP budget is \$984,000.

The Board of Supervisors reserved \$215,000 of the \$984,000 1998 ESGP budget for the Emergency Shelter Grants Pool, pending identification of contractors and submission of budget details of the homeless services projects to be funded (File No. 98-218). Current reserved funds are \$200,000 (File No. 98-800).

According to MOCD, the requested release of \$200,000 from the previously reserved funds of \$215,000 would pay for the renovation of the basement in a building owned by the Archdiocese of San Francisco located at 399 Fremont Street.

A portion of this building is leased to the Community Awareness and Treatment Services Project (CATS), a nonprofit agency, which operates the "A Man's Place" project in this building, including (1) an emergency shelter program, which provides emergency shelter for up to 100 homeless men on a daily basis, and (2) a transitional housing program, which provides 18 homeless men with a nine-month substance abuse and employment information program. The basement of this building currently provides a storage area and laundry services for the shelter program on the first floor of the building, and for the transitional housing program on the second floor.

According to Mr. Terry Hill of the Mayor's Office on Homelessness, the proposed renovation of the basement would enable CATS to use the basement as a new Drop-In Center for homeless men and women seeking information on the availability of services including legal and medical aid, location of treatment centers, transitional housing, emergency shelter, counseling, etc. Mr. Hill states that the Drop-In Center's secondary function would be to provide locker, shower, and laundry facilities to these homeless individuals. The Drop-In Center would be open 24 hours a day and Mr. Hill estimates it would serve 100 clients during the course of a 24 hour day.

The renovation work to the basement would include the installation of two new showers, 170 lockers¹, one new restroom facility, a new heating and ventilation system, electrical and water main upgrades, new flooring, new doors and a new window. Also as part of the renovation work, the one existing restroom facility in the basement would be expanded to include an additional sink and two additional toilets, and a new laundry facility would be installed on the first floor.

- Budget:** \$200,000. Attachment I provided by MOCD contains a budget for the proposed renovation project.
- Comments:** 1. Attachment II provided by MOCD contains an explanation for the proposed renovation work.

¹ Mr. Hill states that 20 of these lockers would be specially designed for persons with disabilities.

Memo to Finance Committee
December 16, 1998 Finance Committee Meeting

2. According to Mr. Jon Pon of MOCD, CATS is in the 3rd year of a nine-year lease with the Archdiocese of San Francisco for the building at 399 Fremont Street. Under the terms of CATS' lease with the Archdiocese, the residual value of any improvements to the building paid for by the City is to be paid back by the Archdiocese to the City when CATS vacates the building.

Recommendation: Approve the requested release of reserved funds in the amount of \$200,000.

Supervisor Teng
December 1, 1998
Page 3Community Awareness and Treatment Services
A Man's Place
399 Fremont Street1998 ESGP Program
Project Budget

Proposed Improvements

Cost estimates

1. Remove and alter interior partitions/counters	\$ 15,000
2. Install two showers	20,000
3. Upgrade electrical outlets and lighting	20,000
4. New toilets and sinks	7,000
5. New heating system in Lounge	30,000
6. New exhaust system in Lockers/Storage	10,000
7. Upgrade water main and electrical panels	40,000
8. Install new personal laundry room and hookups	10,000
9. Flooring	5,000
10. Doors and window	7,000
11. Storage lockers	18,000
12. Architectural & Engineering Services	18,000

TOTAL

\$200,000

OFFICE OF THE MAYOR
SAN FRANCISCO



WILLIE LEWIS BROWN, JR.

Memorandum

To: Richard Raya, Budget Analyst
Fr: Terry E. Hill, Mayor's Homeless Coordinator
Date: December 10, 1998
Re: 399 Fremont Drop-In Center

The Continuum of Care Five Year Strategic Plan calls for a variety of services that address the full spectrum of needs experienced by homeless people. Currently San Francisco has no centralized access point to services for single men and women. The Drop-In Center on the lower level of the 399 Fremont building will serve as an access point to the City's emergency service system and address this gap in services at the front end of San Francisco's Continuum of Care.

In addition to serving as the primary information and referral source to City services, the Drop-In Center will provide much needed showers, lockers, mail and message services for persons seeking employment and housing. Currently there are no storage alternatives for individuals using shopping carts. The center will provide lockers in exchange for shopping carts.

The Drop-In Center renovation includes the following:

- A. Reception Area at front to be a simple 6' counter with clear site line to lounge and Control/Towel center. (2) cubical partition (8' x 8' and 8' x 6') for intake desk and computers. Coffee / snack counter directly next to cubicals.
- B. Washer/Dryer Area for 2-washers, 2 dryers located next to proposed Laundry Room for use by CATS. Counter space next to washer/dryers.
- C. Convert existing bathroom into Laundry Room for CATS.
- D. Women's and Men's Shower/toilet Rooms side by side. Code requires (2) showers and (2) toilets due to number of occupants.
- E. Open lounge area for television, seating, tables.
- F. Central Control/Towel Center: Counter for one person with securable door to close off one side from the other. Storage for disposable towels and supplies will be included.
- G. Lockers: There will be 150 lockers with a combination of 15" single and 24" double doors. An additional 20 lockers will be made available for persons with disabilities.

It is expected that users of the storage space will require access to their lockers an average of three times per week. Based on this figure we estimate 100 unduplicated individuals will use the Drop-In Center daily.

Item 3 – File 98-2035

Department: Department of Administrative Services, Convention Facilities
San Francisco Redevelopment Agency (SFRA)

Item: Release of reserved funds in the amount of \$1,093,000 for the purpose of reimbursing the San Francisco Redevelopment Agency for capital improvements made to the Moscone Convention Center.

Amount: \$1,093,000

Source of Funds: Previously reserved 1994 San Francisco Redevelopment Agency (SFRA) Lease Revenue Bond Proceeds and Convention Facilities Funds

Description: The Board of Supervisors previously approved a supplemental appropriation of 1994 SFRA Lease Revenue Bond proceeds (\$15,700,965) and Convention Facilities Fund monies (\$16,416,384) for a total amount of \$32,117,349 in 1995 to provide funding for (1) debt service payment for the SFRA Hotel Tax Revenue Bonds (Series 1994) in the amount of \$553,504, (2) debt service payment for the SFRA Lease Revenue Bonds, (Series 1994) (Moscone Convention Center) in the amount of \$1,376,015, (3) various capital improvements to the Moscone Convention Center in the amount of \$22,973,794, and (4) construction of the Children's Center in the amount of \$7,214,036 to be located on the roof of Moscone Convention Center South. The Board of Supervisors reserved \$22,973,794 of the \$32,117,349 supplemental appropriation pending the selection of contractors and the submission of contract cost details (File 101-94-76).

Of the \$22,973,794 in previously reserved funding for capital improvement projects to the Moscone Convention Center, the then Budget Committee of the Board of Supervisors released \$679,500 in 1995 for the purpose of developing the bid specifications and architectural drawings for the capital improvement projects at the Moscone Convention Center. The Budget Committee subsequently released \$165,300 in February of 1996 and

\$778,277 in December of 1996 for such capital improvement projects at the Moscone Convention Center. In July of 1997, the Finance Committee approved the release of \$1,647,514 for capital improvement projects at the Moscone Convention Center, and in January of 1998, the Finance Committee approved the release of \$243,479 to purchase and install equipment and facility modifications for a comprehensive recycling program at the Moscone Convention Center, resulting in a remaining balance on reserve of \$19,459,724 for capital improvement projects at the Moscone Convention Center.

This request would authorize the release of \$1,093,000 from the balance of \$19,459,724 remaining on reserve to partially reimburse the SFRA for costs of \$2,587,000, which have been already incurred for capital improvements at the Moscone Convention Center, including (1) waterproofing the south roof of the Moscone Convention Center at a total cost of \$1,575,000, (2) construction of the Esplanade Ballroom terrace and emergency stairs at a total cost of \$814,000 and (3) replacement of the Folsom Street sidewalk, curb, trees and parking strip outside the Moscone Convention Center at a total cost of \$198,000. Attachment I, provided by Mr. Jack Moerschbaeher of the Department of Administrative Services (DAS), Convention Facilities, describes in general each of these capital improvement projects at the Moscone Convention Center.

Budget:

According to Mr. Ted Maniatis of the SFRA, the three subject capital improvement projects at the Moscone Convention Center have already been completed at a total cost of \$2,587,000. Attachment II, provided by Mr. Maniatis, contains detailed descriptions and total costs by project, totaling \$2,587,000, for the three subject capital improvement projects. The balance of \$1,494,000 (total project costs of \$2,587,000 less this request of \$1,093,000) was funded from previously approved Hotel Tax Revenue Bonds (Series 1994), according to Mr. Maniatis.

Comment:

Mr. Maniatis advises that the SFRA awarded two contracts, totaling \$38,619,000, to the firms of Switherton & Walberg and D.J. Amoroso for construction work at the Moscone Convention Center. These contracts included

Memo to Finance Committee
December 16, 1998 Finance Committee Meeting

the \$2,587,000 in work needed for the three subject projects.

Recommendation: Approve the requested release of reserved funds.

Attachment I

November 19, 1998

The necessity of a new waterproof membrane for the roof of Moscone South was identified in 1994 during an assessment of that facilities Infrastructure. This capital project was deferred until 1998 because of the Redevelopment Agency's (RDA) Children's Center construction. Postponing the new waterproof membrane was prudent fiscally because the RDA needed to open up the roof to construct their buildings. Therefore, in order not to do the job twice, the RDA agreed to have its contractors perform the work during the construction of the Children's Center. The ~~\$681,000~~ ^(\$581,000) is the City's share of that cost.

The RDA constructed the Esplanade Ballroom Terrace for the City for the same reason as in paragraph no. 1. The terrace was not immediately constructed when the Esplanade Ballroom was opened because it would have been partially demolished during the Children's Center Construction. Consequently, it was deferred until 1998 and now can be used by conventioners. The Cost is \$135,000.

The need for the Esplanade Ballroom Emergency stairs only arose because of the Esplanade Ballroom Terrace construction. The building code requires more exiting capacity from the rooftop. The cost was \$227,000. This is a life safety issue.

The street, sidewalk and curb replacement were necessitated by the fact that the trees the City planted on the Folsom Street side of Moscone Center had roots which eventually buckled the sidewalk and cracked the curb and street. This created a serious tripping hazard and potential liability for the City. Once again it was prudent to only do the work once. Therefore, the job was deferred until after the RDA completed its construction. The cost to the City is \$150,000.



MEMORANDUM

DATE: December 10, 1998

TO: Gabe Cabrera

FROM: Ted Maniatis *TM*RE: Yerba Buena Gardens Children's Center
Moscone Center Improvement Costs

BACKGROUND

During the planning of the Children's Center Development for the rooftop of Moscone Center South, it became apparent that there were a number of improvements required by Moscone Center that would be logical and beneficial to have completed by the Children's Center contractors during the course of its construction. These improvements were identified and a preliminary budget value of \$1,000,000 was agreed to between the Redevelopment Agency and the Department of Administrative Services. After plans were drawn, reviewed and approved by the DAS, bids were taken and contracts were awarded in strict accordance with the bid and award requirements of the City, State and the Redevelopment Agency. In an effort to get the project underway at the earliest time possible and in order to assure a good competitive bidding environment the project was divided into two main bid packages, 1) The Buildings which included most of the overall site preparation and 2) The Gardens which included most of the improvements related to the Moscone Center.

The work is now 99% complete and the City share of the cost which is less than 50% of the actual cost of the MCC improvements has been agreed to between the SFRA and the DAS at \$1,093,000.

MCC/DAS AND SFRA COST SEGREGATION

Due to the integral nature of the Children's Center and Moscone Center improvements it was not possible or practical to separate the Moscone Center costs as a requirement of the bid; however, after the award of lump sum contracts to the low bidders, contractors submitted their 'Schedule of Values' which listed dollar values for the various portions of the work. The 'Total Construction Cost' amounts listed below are taken from the Buildings and Gardens Contractors Schedules of Values. A copy of these schedules are submitted for ready reference. Total Construction Costs do not include consultant's design fees, construction management fees or other soft costs.

1) Re-roofing and waterproofing:

Total Construction Cost	\$1,575,000
MCC share:	\$ 581,000

Re-roofing and waterproofing includes:

- a) removal of existing insulation and stone ballast over the main roof area (220,000 s.f.)
- b) replacement of thermal insulation
- c) installation of a concrete topping slab to improve drainage
- d) relocation and addition of roof drains
- e) removal and replacement of landscape materials including irrigation on 4th Street and Folsom Street berms (20,000s.f.) Soil and lightweight fill in these areas ranged in depth from 2' to 12'.
- f) repairs to existing but inoperative MCC drainage discovered during construction.
- g) removal and replacement of landscape materials including irrigation of a large planter immediately west of the MCC Lobby (9,000 s.f.) Soil and lightweight fill in this area averaged over 5' in depth.
- h) installation of waterproofing

Items a), most of c) and e) were included in the Swinerton and Walberg Construction Co. contract. The balance of the work was furnished by Dennis J. Amoroso Construction Co.

2) Esplanade Ballroom Terrace and Exit Stair to Folsom Street

Total Construction Cost	\$814,000
MCC share	\$362,000

The MCC Esplanade Ballroom opens onto the roof of the MCC. Before the improvements, an area of the roof was demarcated with large concrete planters and paved with concrete blocks that provided the ballroom with a usable outdoor space for special events. This was removed for the new waterproofing and replaced with a colored concrete seeded aggregate paving bounded by landscaping and separated from the rest of the Children's Center roof development by fencing and ornamental metal gates in order to allow for separate and independent use by the Moscone Center. The replacement paving is a significant upgrade from the original paver blocks.

A large component of the emergency exiting requirements from the Esplanade Ballroom is onto the Esplanade Terrace. Prior to development of the Children's Center, the exit path from the Ballroom was across the entire length of the rooftop to a ramp that led to the corner of 4th and Howard Streets. In order to provide rooftop space for the development of the Children's Center, more direct exiting onto Folsom Street was required and a large (60' wide x 24' high) stairway was constructed. Construction of the stairway was complicated by the fact that large portions of the stair had to be made removable for access to PG&E transformers located in the building area below. The top of the stair is gated to preserve the privacy of the Esplanade Ballroom Terrace.

This area of work awarded to the Dennis J. Amoroso Construction Co. includes:

- a) removal of concrete pavers and insulation
- b) removal of large concrete planters (at the direction of MCC, these were donated and relocated to the S.F. Zoo)
- c) installation of a topping slab for better drainage
- d) temporary protection of the MCC Esplanade glass curtain wall
- e) installation of colored concrete paving with a seeded aggregate finish
- f) landscaping and irrigation
- g) fencing and gates
- h) installation of stairs with handrails and metal nosings
- i) new drainage grates and plumbing
- j) lighting and electrical

3) Folsom Street Sidewalk and Street Improvements:

Total Construction Cost	\$198,000
MCC Share	\$150,000

The sidewalk, curb and parking strip along Folsom St. was in severe disrepair primarily caused from lifting of the pavement by the roots of large Poplar trees which were planted at the time of the original MCC construction. The City and the Agency unsuccessfully petitioned the DPW to allow removal and replacement of all the trees as well as to completely replace the sidewalk, curb and parking strip, however, as a result of public hearings for the removal of the trees, 8 of 13 were required to remain. Since removal of the sidewalk curb and parking strip would damage the root structure of the trees and cause them to die this area of walkway (240') will be repaired to improve drainage and smooth concrete edge tripping hazards. Where the trees were allowed to be removed, the sidewalk curb and parking strip were completely removed and replaced, and the trees in this area were replaced with large Sycamores. The balance of the block will have the sidewalk and parking strip repaired with some new trees added. Continued maintenance of the pavement will be required until removal of the trees is allowed.

This area of work awarded to the Dennis J. Amoroso Construction Co. includes:

- 1) tree and root removal
- 2) pavement demolition
- 3) pavement replacement and repairs
- 4) tree replacement
- 5) new irrigation
- 6) new and relocated catch basins

COST SUMMARY

	CONSTRUCTION COST	MCC SHARE
1) Re-roofing & Waterproofing	\$1,575,000	\$ 581,000
2) Esplanade Terrace & Exit Stair	\$ 814,000	\$ 362,000
3) Folsom Street Improvements	<u>\$ 198,000</u>	<u>\$ 150,000</u>
TOTALS	\$2,587,000	\$1,093,000

BIDDING DATA

On February 29, 1996 five bids were received for the Children's Center Buildings. These five were:

Roberts-Obayashi	\$31,780,000
Morse Diesel	\$30,495,000
N. L. Barnes	\$30,313,000
S. J. Amoroso	\$30,038,000
Swinerton & Walberg	\$29,363,000

On April 9, 1996, the Redevelopment Agency Commission adopted a resolution to award this contract to the Swinerton & Walberg Co. in the amount of \$29,363,000.

On February 5, 1997, three bids were received for the Children's Center Gardens. These three were:

S. J. Amoroso	\$10,529,000
Swinerton & Walberg	\$ 9,985,000
Dennis J. Amoroso	\$ 9,858,000

On April 8, 1997, the Redevelopment Agency Commission adopted a resolution to award this contract to Dennis J. Amoroso in the amount of \$9,256,000 (\$9,858,000 - \$602,000 in deductive alternates).

SOURCE OF FUNDS

Construction costs for the Yerba Buena Gardens Children's Center are funded by Hotel Tax Revenue Bonds Series 1994.

Items 4 and 5 – Files 98-1961 and 98-2003

Department: Department of Public Health (DPH)
Department of Agriculture and Weights and Measures

Item: Item 4. File 98-1961: Ordinance amending Ordinance No. 243-98 (Annual Salary Ordinance FY 1998-99) reflecting the creation of 1.5 positions for the Department of Agriculture and Weights and Measures.

Item 5. File 98-2003: Release of reserved funds, allocated to Department of Public Health, in the amount of \$100,000 from the Mangini v. R.J. Reynolds Tobacco Company, et al. tobacco settlement for work order enforcement services to be provided by the Department of Agriculture and Weights and Measures for the Department of Public Health.

Amount: \$100,000

Source of Funds: Previously reserved funds from the Mangini v. R.J. Reynolds Tobacco Company, et al. tobacco settlement

Description: In October of 1998, the Board of Supervisors approved an ordinance, File No. 98-0140, appropriating \$1,500,000 from the Mangini v. R.J. Reynolds Tobacco Company, et al. tobacco settlement revenues to the Department of Public Health (DPH) Community Health Service to fund health education and enforcement programs to discourage minors from smoking. Of the total funds of \$1,500,000, the Board of Supervisors placed \$553,405 on reserve, including \$453,405 for professional services pending the results of Phase I of the project and \$100,000 pending submission of the necessary amendment to the Annual Salary Ordinance for new positions at the Department of Agriculture and Weights and Measures for the provision of enforcement services related to smoking by minors.

This request would authorize the release of \$100,000 from the previously reserved funds of \$553,405 to fund 1.5 new Limited Tenure positions, including one Inspector of Weights and Measures and a .5 FTE Clerk Typist, for the one-year period of February 1, 1999 to January 31, 2000 for the Department of Agriculture and Weights and

Measures to provide enforcement services related to smoking by minors for DPH, leaving the balance of \$453,405 on reserve.

Attachment I, provided by Mr. Sid Baker of the Department of Agriculture and Weights and Measures, describes in detail the responsibilities of the requested 1.5 new Limited Tenure positions. Mr. Baker states that the positions "will serve for enforcement of the City tobacco ordinance in conjunction with simultaneous weights and measures enforcement in establishments selling tobacco products."

The proposed ordinance, File No. 98-1961, would amend the FY 1998-99 Annual Salary Ordinance, by creating 1.5 new Limited Tenure positions for the Department of Agriculture and Weights and Measures to provide the subject enforcement services for DPH related to smoking by minors, as follows:

<u>No. of FTE Positions</u>	<u>Classification</u>	<u>Title</u>	Step 1	Step 5
			<u>Biweekly- Annual)</u>	<u>Biweekly- Annual)</u>
1	6220 L	Inspector of Weights and Measures	\$1,391. 36,305	\$1,686 44,005
<u>.5</u>	1424 L	Clerk Typist	\$1,161 30,302	\$1,404 36,644
1.5	Total			

The annual cost of the requested 1.5 Limited Tenure positions would range from \$74,594 at Step 1, including salaries of \$66,607 and fringe benefits of \$7,987, to \$90,330 at Step 5, including salaries of \$80,649 and fringe benefits of \$9,681 (see Comment No. 1).

Budget: The requested budget of \$100,000 for the one-year period of February 1, 1999 to January 31, 2000 is as follows:

\$66,607	Permanent Salaries (see Comment No. 1)
19,200	Automobile for Inspector Field Work
10,235	Computer Equipment & Services
600	Telephone Equipment & Services
325	Camera Equipment
1,900	Inspector Kit and Pager
733	Tobacco Enforcement Forms
275	Mail Services
<u>125</u>	Miscellaneous Supplies
\$100,000	Total

Attachment II, provided by Mr. Baker, contains the details to support this \$100,000 budget request.

- Comments:**
1. This request of \$100,000 (File No. 98-2003) would allocate \$66,607 in Permanent Salaries (including \$36,305 for the Inspector and \$30,302 for the Clerk Typist), assuming one FTE Inspector of Weights and Measures position and one FTE Clerk Typist position. However, as previously noted, the Clerk Typist position is 0.5 FTE. Therefore, funding for Permanent Salaries for the Clerk Typist position should be reduced by \$15,151, from \$30,302 to \$15,151 for a total budget for Permanent Salaries of \$51,456 (including \$36,305 for the Inspector and \$15,151 for the Clerk Typist).
 2. This request of \$100,000 does not include Mandatory Fringe Benefits for the one FTE 6220 Inspector of Weights and Measures, in the amount of \$7,987. As such, \$7,987 should be added to the subject requested release of reserved funds to include the \$7,987 for Mandatory Fringe Benefits.
 3. File No. 98-1961 would amend the Annual Salary Ordinance to create 2.5 new Limited Tenure positions for the Department of Agriculture and Weights and Measures. The correct number of new Limited Tenure positions is 1.5. As such, the proposed ordinance should be amended.

- Recommendations:**
1. In accordance with Comment No. 1, reduce the request for release of reserved funds for Permanent Salaries by \$15,151, from \$66,607 to \$51,456 (File No. 98-2003).
 2. In accordance with Comment No. 2, increase the request for release of reserved funds to include the \$7,987 for Mandatory Fringe Benefits (File No. 98-2003).
 3. In summary, this request of reserved funds should be reduced by \$7,164, from \$100,000 to \$92,836 and approve the release of reserved funds as adjusted. Continue to reserve the balance of \$7,164 (File No. 98-2003).
 4. In accordance with Comment No. 3, amend the proposed amendment to the Annual Salary Ordinance to reflect that the correct number of new Limited Tenure positions for the Department of Agriculture and Weights and Measures is 1.5, and not 2.5 and approve the proposed ordinance as amended (File No. 98-1961).



CITY AND COUNTY OF SAN FRANCISCO
DEPARTMENT OF AGRICULTURE
AND
WEIGHTS AND MEASURES

Attachment I
Page 1 of 2

David C. Frieders
Agricultural Commissioner
Director of Weights and Measures

Sid E. Baker
Assistant Agricultural Commissioner
Director of Weights and Measures

MEMORANDUM

TO: Gabe Cabrera
Budget Analyst

FROM: Sid Baker, Assistant

DATE: December 10, 1998

Post-It® Fax Note	7671	Date	12/10	# of pages	2
To	Gabe Cabrera	From	Sid Baker		
Co./Dept.	Revenue Area	Co.	Wts & M		
Phone #	554-7642	Phone #	285-5011		
Fax #	252-0461	Fax #	285-8776		

SUBJECT: ASO No. 243-98, Attachment I, Job descriptions, 1.5 positions

The Department of Agriculture and Weights and Measures is a regulatory agency providing both consumer and environmental protection enforcement for the city and county. The 1.5 employees amended to this salary ordinance will serve for enforcement of the City tobacco ordinance in conjunction with simultaneous weights and measures enforcement in establishments selling tobacco products. The half time clerical position will serve to assist in data input and the development of our establishment and tobacco data base for violation and call back documentation.

LIMITED TENURE POSITIONS

CLASSIFICATION

1424 Clerk Typist, .5

The half time 1424 Clerk Typist will work under direct supervision and with the field inspector doing tobacco and weights and measures enforcement. The person in this position will assist in compiling, posting and maintaining a variety of technical, statistical and financial data for both enforcement programs. The clerical person will perform word processing tasks including calendaring tobacco violation time lines, statistical reporting, reports and documents. In addition the clerical person will assist the tobacco program by disseminating information and logging complaint calls and responses for enforcement progression, answering telephone calls, recording complaints and scheduling call backs.

MEMORANDUM

ATTACHMENT I

Page 2

Amending ASO No. 243-98

CLASSIFICATION

6220 L Inspector of Weights and Measures, 1.0

The full time 6620 Weights and Measures Inspector is a field inspector who enforces laws and regulations in business establishments. This inspector will simultaneously inspect for violations of the tobacco ordinance and weights and measures laws. In the field he/she will interpret and apply relevant laws to observed violations during the inspection. This Weights and Measures inspector position requires state licensing qualifications and will simultaneously function to enforce the Tobacco Ordinance in establishments where tobacco products are sold. This inspector will also be establishing weights and measures and tobacco data for field records and continuing use. This Weights and Measures Inspector will also performs annual school district scale inspections and tobacco inspections within the one block radius of the schools as requested by the Board. The budgeted vehicle will used by this inspector.



CITY AND COUNTY OF SAN FRANCISCO
DEPARTMENT OF AGRICULTURE
AND
WEIGHTS AND MEASURES

Attachment II
Page 1 of 2

David C. Frieders
Agricultural Commissioner
Director of Weights and Measures

Sid E. Baker
Assistant Agricultural Commissioner
Director of Weights and Measures

MEMORANDUM

TO: Gabe Cabrera
Budget Analyst

FROM: Sid Baker, Assistant

DATE: December 10, 1998

SUBJECT: Amended tobacco enforcement budget, *re* ASO No. 243-98

The amended, corrected budget below will provide resources and essential personnel for tobacco ordinance enforcement and simultaneously augment the enforcement of weights and measures laws. The service start date will be February 1, 1999 through the end date of January 31, 2000 for the total of \$100,000.

One FTE 6220 Weights and Measures Inspector, salary and benefits, Step 1,
[1/yr=40hrs/week, Feb. 1, 1999 to January 31, 2000]
\$36,305

One HTE 1424 Clerk Typist, salary, NO benefits, Step 1,
[1/yr=half time, under 1,044 hours per year] \$30,302

Sub total \$66,607

* 1 04000 Poloroid camera	\$100
*X 04000 Poloroid film	\$225
* 1 081ET Telephone Hotline	\$250
* 1 04000 Cell phone	\$100
* 1 081ET Cell phone services	\$250
* 1 06026 Vehicle	\$19,200
* 1 06000 Lap top	\$1,400
* 1 04000 Portable printer w/power pack	\$375
* 1 04000 PC carrying case	\$60

Post-It Fax Note 7671

To	Gabe Cabrera	Date	12/10	# of pages	2
Co./Dept	Budget Anal	From	Sid Baker		
Phone #	554-7647	Co.	W & M		
Fax #	252-0461	Phone #	285-5011		
		Fax #	285-8776		

MEMORANDUM

PAGE 2

Date: December 10, 1998

re ASO No. 243-98, reserve funds, amended tobacco enforcement budget

*1 081ET Pager w/service	\$250	
*X 04000 NCR forms/4 copy	\$533	
*X 04000 forms/2 copy	\$200	
*X 04000 Misc. supplies	\$125	
*X 081PM Certified Mail [as needed]	\$175	
*X 081PM USPS mail	\$100	
* 06000 PC	\$2,300	
*X 04000 Software, database	\$2,000	
*X 081C5 ISD services	\$4,100	
* 04000 Fractional weight kit, 1 gal. prover	\$1,650	
TOTAL	\$100,000	\$100,000

Department of Agriculture and Weights and Measures

Item 6 - File 98-1927

Item: Resolution establishing an Advisory Board to make recommendations to the Board of Supervisors on the expenditure of revenues derived from assessments, on the classification of properties within, and on the method and basis for levying assessments upon, property located within the Union Square Business Improvement District.

Description: California Streets and Highways Code Section 36500 authorizes cities to establish Business Improvement Districts for the purpose of levying assessments on real property for certain purposes. In accordance with the California Streets and Highways Code, the Board of Supervisors is required to appoint an advisory board to oversee the implementation of the Business Improvement District. On December 7, 1998, the Board of Supervisors approved a resolution of intent to establish the Union Square Business Improvement District. In accordance with State requirements, the proposed resolution would establish the Union Square Business Improvement Advisory Board.

The proposed resolution states that this Advisory Board would consist of 13 members, of which, at least seven would be property owners within the Union Square Business Improvement District, and at least five would be retail business licensees within the District, including at least one who is not a property owner within the District. According to the proposed resolution, one of the 13 Advisory Board members would be the President of the operating Board of Directors of the Union Square District (See Comment 3).

The 13 Advisory Board members would be appointed by the Board of Supervisors from a list of nominees provided by the Union Square Business Improvement District Formation Steering Committee. The Union Square District Formation Steering Committee is one of the committees of the City Center Partnership, a non-profit organization, consisting of approximately 35 members who are

primarily merchants and property owners within the proposed Union Square Business Improvement District. For the past several years, the City Center Partnership has been providing some of the proposed hospitality, safety and street sweeper services, which would be included in the Union Square Business Improvement District. The Board of Supervisors would appoint Advisory Board members for five years, which is the same period of time for which the Union Square Business District is being created. If a vacancy occurs, the Board of Supervisors would appoint another member for the remainder of the term from a list of nominees provided by the Board of Directors of the City Center Partnership.

In accordance with the proposed resolution, the 13-member Union Square Business District Advisory Board would be responsible for (1) preparing the engineering report, which was recently completed and is required by Section 36633 of the State Streets and Highways Code for review and approval by the Board of Supervisors, (2) reviewing the budget and program priority recommendations submitted by the City Center Partnership, Inc. (3) making recommendations to the Board of Supervisors on the expenditure of revenues derived from the assessments on the property within the Union Square Business Improvement District, and (4) making recommendations to the Board of Supervisors regarding the classification of properties, within the District (See Comment 4) and the method and basis of levying assessments.

Comments:

1. The proposed Union Square Business Improvement District annual budget proposal includes a City contribution of \$200,000 per year, for five years, for a total contribution of \$1,000,000. The allocation of the annual \$200,000 in City contribution would be subject to appropriation approval by the Board of Supervisors. As mentioned above, under the proposed resolution, the Union Square Business District Advisory Board would be responsible for making recommendations to the Board of Supervisors on the expenditures of

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revenues derived from the assessments on the property within the Union Square Business Improvement District, which are estimated to total \$767,081, for the first year.

According to Ms Linda Mjellem of the Union Square Association and the City Center Partnership, the \$200,000 annual contribution from the City has been designated by the City to be used for steam cleaning. Ms. Mjellem reports that, although the Advisory Board might make some recommendations to the Board of Supervisors regarding the expenditure of such funds in future years, the Union Square Business District would expend the City's funds, in accordance with the City's direction.

2. According to Ms. Mjellem, the 13-member Advisory Board members would serve without compensation.

3. In addition to the proposed Advisory Board, an 11-member operating Board of Directors of the City Center Partnership would be elected by the property owners located within the Union Square Business Improvement District. This operating Board of Directors would be responsible for supervising the day-to-day operations of the Union Square Business Improvement District. As discussed above, the President of this Board of Directors would be one of the members on the proposed Advisory Board.

4. Ms. Mjellem reports that one property, the Union Square Garage, within the Union Square Business Improvement District, was separately classified such that it would not be subject to the assessments proposed for the other Union Square property owners. According to Ms. Mjellem, the Union Square Garage was separately classified because it is the only property within the Union Square Business Improvement District that does not have ground floor retail tenants. The Union Square Garage is City property, under the

jurisdiction of the Recreation and Park
Department.

Recommendation:

Given that (1) the Board of Supervisors has already approved the resolution declaring the Board's intention to establish a Union Square Business Improvement District (File 98-1844), (2) the Board of Supervisors has scheduled a public hearing for January 25, 1999 to consider this matter and (3) the California Streets and Highways Code requires that an Advisory Board be established to oversee the implementation of a Business Improvement District, the Budget Analyst recommends approval of this proposed resolution to create a Union Square Business Improvement District Advisory Board .

Item 7 – File 98-1936

- Department:** Department of Parking and Traffic (DPT)
- Item:** Ordinance amending the Traffic Code by adding Section 131 to Article 7, adopting a penalty schedule for the late payment of parking tickets and providing that the Board of Supervisors may, by resolution, declare periods of amnesty during which late payment penalties would be forgiven upon prompt payment of the underlying parking citation fines.
- Description:** Prior to 1993, parking violations were designated as criminal offenses and the process of issuing and collecting parking citation fines was within the jurisdiction of the Municipal Court. In 1993, the State decriminalized parking violations and assigned parking violations to a civil status. In response to the changed designation, the City transferred responsibility for the process of issuing and collecting parking citation fines from Municipal Court to DPT.
- The proposed ordinance would amend the Traffic Code to include the current rate schedule for late payment penalties on parking tickets. Currently, the late payment penalty for failure to pay a parking citation fine or contest the underlying citation by the first due date affixed to the notice of parking violation is \$12 and failure to pay by the second notice is \$15. The proposed ordinance also states that the Board of Supervisors may, by resolution, declare an amnesty period for purposes of waiving late payment penalties on parking citation fines.
- According to Ms. Lori Giorgi of the City Attorney's Office, the late payment penalty schedule of \$12 and \$15 as previously noted and authorization for the Board of Supervisors to declare an amnesty period for purposes of waiving payment of late penalties contained in this subject legislation are not currently included in the Traffic Code.
- Comments:** 1. According to Ms. Julia Dawson of DPT, DPT's current information technology does not separately account for parking citation fines and late payment penalties.

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However, Ms. Dawson reports that DPT estimates that of the total \$49.3 million in parking citation fine revenue collected in FY 1997-98, approximately 11 percent or \$5,423,000 was for payment of late penalties. In FY 1998-99, DPT expects approximately the same percentage of parking citation revenue to be the result of late payment penalties. Also, Ms. Dawson notes that with the implementation of the PRWT Services, Inc. contract, which is the contract previously approved by the Board of Supervisors for the Automated Parking Citation Processing and Collection System, DPT will be able to accurately calculate the revenue collected from late payment penalties imposed on parking citation fines in FY 1998-99.

2. Ms. Dawson advises that the purpose of this proposed legislation is to amend the Traffic Code to include (a) the current late payment penalty schedule on parking citations and (b) the authorization for the Board of Supervisors to declare amnesty periods for purposes of waiving late payment penalties on parking citation fines in the Traffic Code.

3. The attached memo from Ms. Dawson contains a brief explanation of how DPT envisions an amnesty program would work should the Board of Supervisors declare amnesty periods for purposes of waiving late payment penalties on parking citation fines.

4. Based on (a) prior parking citation fine collections and (b) estimates of the amount collected for late payments on such citations, Ms. Dawson estimates that if the Board of Supervisors were to declare an amnesty program of, for example, a 15-day period with advance public media notification, then the estimated reduction in revenue to the City would be up to \$1 million in late payment penalties which would not be realized by the City.

Recommendations:

1. Approve the proposed amendment to the Traffic Code to include the existing late payment penalty schedule on parking citation fines.

2. Approval of the proposed amendment to the Traffic Code to authorize the Board of Supervisors to declare

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amnesty periods for purposes of waiving late payment penalties on parking citation fines is a policy matter for the Board of Supervisors.



WILLIE LEWIS BROWN, JR., Mayor
STUART R. SUNSHINE, EXECUTIVE DIRECTOR

MEMORANDUM

To: Budget Analyst

From: Julia Dawson, Senior Administrative Analyst *JD*

Subject: Description of Potential Amnesty Program

Date: December 10, 1998

According to the proposed ordinance, the Board of Supervisors would request an amnesty program by resolution. The purpose of an amnesty program is to provide the public who have unpaid parking citations that are past the point of protest (21 days after the issue date of the citation) the ability to pay the original fine amount of the citation without penalty fees. At the request of the Board of Supervisors, the department would declare a length of time for the amnesty program to be in effect, usually between two weeks and one month. In the past, the department made all parking citations that are within the 5-year statute of limitations eligible for amnesty. The department would advertise amnesty in various ways, including print ads, flyers, postcards, direct mail, and media announcements. The department would design the application process so that it will be easy for the public to apply, including materials in multiple languages, and would distribute the application materials to as many locations as possible that are easily accessible.

Item 8 – File 98-2026

Department: Public Utilities Commission (PUC)

Item: Resolution approving the issuance of up to \$225,000,000 in aggregate principal amount outstanding at any one time of Public Utilities Commission Commercial Paper Notes (Water Series) pursuant to Chapter 84 of Part 1 of the Municipal Code, in one or more series, for the purpose of financing and refinancing certain capital improvements related to the Water Enterprise; approving the maximum interest thereon; and approving related matters.

Amount: \$225,000,000

Source of Funds: Commercial Paper Notes, to be repaid with PUC Water Revenue Bonds

Description: In June of 1998, the Board of Supervisors approved File 98-738 which defined the procedure for the issuance by the PUC of Commercial Paper Notes and other short-term indebtedness in anticipation of proceeds from the issuance of previously authorized but unsold Revenue Bonds.

Commercial Paper is a short-term financing instrument used by both corporations and municipal issuers. According to Mr. Phil Arnold of the PUC, short term is defined as 270 days or less. San Francisco International Airport is the only City agency that has issued Commercial Paper to date, as previously approved by the Board of Supervisors in June of 1997 (File 170-97-05). Commercial Paper is issued on an as-needed basis to meet short-term cash demands. In contrast to the 30-year bonds that are generally issued to finance capital costs, Commercial Paper maturities range from one to 270 days. According to Mr. Arnold, over the past 10 years, Commercial Paper interest rates in California have averaged approximately 2 percent less than long-term bond interest rates.

This subject resolution would authorize the PUC to issue up to \$225 million in Commercial Paper Notes for the purpose of financing and refinancing certain capital

improvements related to the Water Enterprise¹, as well as for payment of costs of issuance and other incidental costs therefor.

The subject Commercial Paper to be issued by the PUC would be repaid with previously authorized but unsold Revenue Bonds. In November of 1997, voters approved Water System Reliability and Seismic Safety Revenue Bonds in the aggregate principal amount of \$157 million for the purpose of providing funds for acquiring and constructing reliability and seismic safety improvements to the water system, and approved Safe Drinking Water Revenue Bonds in the aggregate principal amount of \$147 million for the purpose of acquiring and constructing safe drinking water improvements related to the City's water system. The total authorized bond amount for the two issues is \$304 million.

The proposed resolution provides that the total principal amount of PUC Commercial Paper Notes at any one time outstanding, when combined with the total principal amount of outstanding Bank Notes (see Comment No. 5), shall not exceed \$225 million, and, in the aggregate, such issuances shall not at any time exceed the principal component of the Letter of Credit.

The principal component of the Letter of Credit is the maximum amount of debt that is authorized by the Letter of Credit, less the interest component. If the proposed resolution is approved, Mr. Arnold reports that the PUC intends to obtain a Letter of Credit from a bank for \$30 million initially, with quarterly increases up to the maximum amount of \$150 million. The Letter of Credit for the initial amount of \$30 million would have a principal component of \$27.96 million and an interest component of \$2.04 million. Therefore, the aggregate issuances of PUC Commercial Paper and Bank Notes shall not exceed \$27.96 million, until such time as the principal component of the Letter of Credit is increased. Mr. Arnold explains that a Letter of Credit is like an insurance policy and guarantees that the Commercial

¹ Water Enterprise is the collective name for the PUC's projects to improve and expand the drinking water system and supply to 2.4 million customers in the Peninsula, South Bay and San Francisco.

Paper buyers (also called investors) and the bank offering the Letter of Credit will be repaid.

Approval of the subject resolution would also: 1) establish a maximum rate of interest for the Commercial Paper Notes and for the Bank Notes of 12 percent annually, 2) approve the issuance, sale and delivery of Commercial Paper Notes and Bank Notes, if any, and 3) authorize the Director of the Mayor's Office of Public Finance, City Attorney, and all other appropriate officers, employees, representatives and agents of the City to do everything necessary or desirable to provide for the issuance of the Commercial Paper Notes.

Comments:

1. Water Enterprise capital improvement projects totaling \$72.5 million, to be funded by Water Revenue Bonds, were previously approved by the Board of Supervisors in the PUC's FY 1998-99 budget. Mr. Arnold reports that, if sold during the week of December 7, 1998, the interest rate on the aforementioned Water Revenue Bonds would range from approximately 5.0 to 5.2 percent. Mr. Arnold advises that if \$72.5 million in Revenue Bonds were issued at 5.2 percent, the annual interest cost would be \$3,842,500.

According to Mr. Arnold, the issuance of the proposed Commercial Paper Notes would bear an interest rate in the range from approximately 2.9 percent to 3.1 percent, depending on the term length, or approximately 2 percent less than the interest rate on the long term Water Revenue Bonds. Mr. Arnold advises that the issuance of Commercial Paper at an interest rate of 3.1 percent to finance previously approved FY 1998-99 Water Department capital improvement projects to be funded by Water Revenue Bonds of \$72.5 million would result in annual interest costs of \$2,247,500, or \$1,595,000 less per year than the interest cost of \$3,842,500 for 30-year Revenue Bonds issued in the same principal amount at an interest rate of 5.2 percent.

2. The subject commercial paper would be sold on an as-needed basis to provide cash to finance capital improvements prior to receipt of the proceeds from the sale of the above noted Revenue Bonds. Mr. Arnold

reports that through June 30, 1999, the PUC tentatively plans to sell approximately \$30 million in Commercial Paper. The term and the interest rate of such Commercial Paper would be determined on the day of the sale, and would vary based on the PUC's cash needs and market conditions. Approval by the Board of Supervisors would not be required for each sale but, in accordance with File 98-738 previously approved by the Board of Supervisors, the Director of Public Finance would approve each sale. The Board of Supervisors is being requested to approve this proposed resolution in order to authorize the PUC to issue up to \$225 million in Commercial Paper Notes.

3. Although this subject resolution would authorize the PUC to issue \$225 million in Commercial Paper, the PUC intends to obtain a Letter of Credit with a maximum amount of \$150 million. Mr. Arnold advises that the PUC's short term needs for cash to finance capital improvements to the Water Enterprise would not exceed \$150 million at any one time during the first two years of the five year term of the Letter of Credit. In addition, the cost of a Letter of Credit is a function of the amount guaranteed therein. By obtaining a Letter of Credit with a limit of \$150 million, or \$75 million less than the \$225 million proposed for Commercial Paper debt, the estimated cost of the Letter of Credit would be \$285,000. Therefore, the PUC would save approximately \$112,500 annually over the estimated cost of \$397,500 for a Letter of Credit with a limit of \$225 million.

4. The PUC selected a team of underwriters for the Commercial Paper Notes, lead by Lehman Brothers, following a competitive bid, in May of 1998. In December of 1998, the PUC selected two banks to offer Letters of Credit following a Request for Proposals (RFP), Bayerische Landesbank Girozentrale and the State Street Bank and Trust Company.

5. According to Mr. Arnold, in the unlikely event that there are no buyers for the PUC's Commercial Paper, the PUC's contract with the underwriter requires that the underwriter buy the Commercial Paper for up to a 30-day term. If at the end of the 30-day term there are still no buyers for the Commercial Paper, the bank issuing the

PUC's Letter of Credit would repay the holders of the Commercial Paper, then the PUC's debt would be owed to the bank and the debt would be referred to as Bank Notes.

6. According to Mr. Arnold, the PUC's commercial paper program would not be backed by General Fund revenues and would not create any exposure to the General Fund. Mr. Dave Sanchez of the City Attorney's Office concurs with Mr. Arnold.

7. The ordinance outlining the procedures for the PUC's issuance of Commercial Paper, previously approved by the Board of Supervisors in June of 1998, limits the PUC's authorization to issue Commercial Paper to five years from the date of first issuance of Commercial Paper. According to Mr. Arnold, the PUC's Letter of Credit also has a five year term. As such, assuming no extensions or contract modifications, the PUC would have to sell the long term Water Revenue Bonds in order to pay back the Commercial Paper no later than at the end of the five year term of the Commercial Paper.

8. According to Mr. Arnold, all financing documents were prepared with the assistance of the City Attorney, the Mayor's Office of Public Finance, the PUC's bond counsel, and the PUC's financial advisor.

Recommendation: Approve the proposed resolution.

Items 9 and 10 – Files 98-2010 and 98-2011

Department: Public Transportation Department (Muni)

Items: File 98-2010: Supplemental Appropriation Ordinance in the amount of \$16,105,000 to: (a) fund the cost of the Muni Metro Recovery Contract; (b) implement various improvements throughout the Muni system; (c) address the projected revenue shortfall in Muni Fare Revenues; (d) supplement the increased cost of the use of Muni Fast Passes on BART; and (e) provide funding for free Muni service on New Year's Eve. The proposed supplemental appropriation would also create 22 new positions (18.0 FTEs in FY 1998-99) and delete 14 positions.

File 98-2011: Ordinance amending the FY 1998-99 Annual Salary Ordinance to reflect the creation of 22 new positions (18.0 FTEs in FY 1998-99) and the deletion of 14 positions.

Amount: \$16,105,000

Source of Funds: General Fund Reserve

Budget: The requested budget appropriations, retroactive to December 2, 1998 through June 30, 1999 (see Comment No. 3), are detailed in the table below:

<u>Description</u>	<u>Amount</u>
Muni Metro Recovery Contract	
<u>Other Professional Services:</u>	
Booz Allen Hamilton Contract	\$2,630,000
Required Muni Expenditures in Connection With Booz Allen Contract for FY 1998-99	
<u>Other Professional Services:</u>	
Breda LRV Technicians	\$538,461
Alcatel ATCS Technicians	269,231
Subtotal – Professional Services	\$807,692
<u>Rail Vehicle Supplies:</u>	
Alcatel ATCS Parts & Engineering Support	\$700,000
Boeing LRV Parts	538,308
Subtotal – Rail Vehicle Supplies	\$1,238,308

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Total – Required Muni Expenditures in Connection with Booz Allen Contract for FY 1998-99	\$2,046,000
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Other Muni Improvements

Reduction in Budgeted Attrition Savings:

Permanent Salaries	\$1,074,130
Fringe Benefits	<u>90,870</u>
Subtotal – Reduced Attrition Savings	\$1,165,000

New Operating Positions (8):

Permanent Salaries	\$243,355
Fringe Benefits	<u>20,645</u>
Subtotal – New Operating Positions	\$264,000

Other Professional Services:

Civil Service Examinations	\$300,000
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Materials and Supplies:

Materials & Supplies Shortfall	\$2,200,000
Vehicle Parts & Supplies - Bus Engines	<u>2,000,000</u>
Subtotal – Materials & Supplies	\$4,200,000

Total – Other Muni Improvements	\$5,929,000
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Muni Fare Revenue & BART Payment

Muni Passenger Fares*	\$3,600,000
Payment to BART – Use of Fast Pass	<u>1,900,000</u>

Total – Muni Passenger Fares/BART Payment	\$5,500,000
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Total Requested Funds	<u>\$16,105,000</u>
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* Includes \$67,000 to provide funding for free Muni service on New Year's Eve.

Description:

The proposed supplemental appropriation ordinance (File 98-2010) would appropriate \$16,105,000 from the General Fund Reserve to (a) fund the Muni Metro Recovery Contract; (b) fund various improvements throughout the Muni system; (c) address the projected deficit in passenger fare revenues; and (d) pay BART for the increased usage of Muni Fast Passes on BART.

The proposed ordinance (File 98-2011) would amend the Annual Salary Ordinance to reflect the creation of 22 new positions (18.0 FTE in FY 1998-99) and the deletion of 14 positions, as follows:

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<u>No. of Positions</u>	<u>FY 98-99 FTE</u>	<u>Class</u>	<u>Title</u>	<u>Step 1 Biweekly/ Annual</u>	<u>Step 5 Biweekly/ Annual</u>
<u>Positions Created</u>					
2	1.0	9131	Station Agent	\$1,698/ 44,318	\$2,063/ 53,844
6	3.0	9139	Transit Supervisor	1,881/ 49,094	2,287/ 59,691
<u>14</u>	<u>14.0</u>	9150	Train Controller	2,178/ 56,846	2,647/ 69,087
22	18.0	Subtotal			
<u>Positions Deleted</u>					
(14)	(14.0)	9140	Transit Manager I	2,178/ 56,846	2,647/ 69,087
<u>8</u>	<u>4.0</u>	Total			

The annual cost of the net request of eight additional positions would range from \$471,336 at Step 1, including salaries of \$383,200 and fringe benefits of \$88,136, to \$572,976 at Step 5, including salaries of \$465,834 and fringe benefits of \$107,142.

MUNI Metro Recovery Contract (\$2,630,000)

On November 10, 1998 the Public Transportation Commission awarded a consulting contract to the firm of Booz Allen & Hamilton (Booz Allen) to manage the MUNI Metro Recovery Project. According to Ms. Nancy Whelan, Finance Director for Muni, recent service on the Muni Metro system has been poor. Service delays and line failures have plagued the system as Muni has introduced new technology, such as the Advanced Train Control System (ATCS)¹, and has placed the new Breda Light Rail Vehicles (LRVs) into service while the older, problematic Boeing LRVs are still in use. According to Ms. Whelan, difficulty in adapting to significant changes in the Metro system and the resulting service problems led management to seek the assistance of an outside

¹ The Advanced Train Control System (ATCS) provides automated control of normal LRV train operations (e.g., acceleration, deceleration), station stops, and door operations in the subway.

management consultant to serve under contract to Muni. Ms. Whelan advises that this Muni Metro Recovery contract relates only to LRV operations. According to Ms. Whelan, the contract is referred to as the Muni Metro Recovery contract because of the high priority placed on improving the Metro system after the significant system delays experienced in August when the new ATCS system was installed.

The term of the contract is for the 13-month period from December 2, 1998 through December 31, 1999. The base contract amount is \$4,440,909. In addition, the consultant is entitled to an additional incentive payment of 10 percent of actual costs incurred (or a maximum of \$409,901, as specified in the contract), if certain service improvement goals are achieved. In the event that the consultant sustains the service improvement goals until the end of the agreement (December 31, 1999), the consultant is entitled to an incentive fee of 20 percent rather than 10 percent of base contract costs. Thus, the maximum incentive payment that the consultant may receive is \$888,182 (20 percent of \$4,440,909), resulting in a total maximum contract cost of \$5,329,091.

This supplemental appropriation request would pay for the FY 1998-99 base contract costs for the seven-month period from December 2, 1998 through June 30, 1998, or approximately \$2,391,259, plus an incentive payment of up to 10 percent or \$239,126, for a total amount of \$2,630,385. Muni is requesting \$2,630,000, or \$385 less than this amount. Muni advises that the balance of \$2,699,091 (\$5,329,091 less the subject request for this contract of \$2,630,000) will be included in Muni's FY 1999-2000 budget request. The main provisions of the contract are described below.

Project Scope & Methodology

The consultant's approach consists of the following 10 initiatives in order to improve passenger service on Muni:

- Establish a Muni Action Team, consisting of eight members: three representing Muni (from capital projects, maintenance, and operations), three representing the consultant, one representing Breda

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and one representing Alcatel. The Action Team would act as Muni's focal point and would be responsible for the overall schedule and interim milestones for service improvement. The consultant would support the Action Team by identifying and quantifying key performance standards, providing technical assistance, and assisting Muni in institutionalizing changes.

- Provide additional training for Muni operating personnel, focusing immediately on proper ATCS entry procedures, improved radio communications protocols, and potential responses to ATCS failures. Guidelines to reduce passenger wait times resulting from missed runs would be provided to inspectors. Additional training would be provided for operating and maintaining both Breda and Boeing LRVs.
- Simulate operations incidents in order to develop more effective failure management strategies for ATCS central control operators. The consultant would (a) assist Muni in critiquing actions taken during service delays; (b) work with Muni personnel to determine more efficient methods of recovering service and minimizing service disruptions; (c) rehearse failure management techniques for the most common types of service delays; and (d) conduct live exercises of failures during off-peak or non-revenue periods.
- Provide performance information to the public on a regular basis, e.g., by informing passengers of train locations, expected waiting and trip times for each route, system problems, and alternative forms of transportation. This additional information would be provided either through the existing platform display system or over the public address (PA) system.
- Improve internal communications by (a) installing video display terminals at various stations for Muni operations personnel; (b) distributing performance data to senior management on a daily basis; and (c) recommending upgrades to the existing radio system and central control facilities.

- Conduct service planning by developing an operations plan and train schedule, conducting an origin/destination study, and conducting a customer satisfaction survey.
- Enhance the availability of Breda LRVs by attempting to establish maintenance standards and uniform maintenance procedures in order to reduce maintenance costs and service delays for Breda LRVs. Additional Breda technicians would be involved in the implementation of this initiative.
- Implement a Boeing LRV emergency retrofit campaign in order to improve the service reliability of Boeing LRVs until replacement Breda LRVs are fully operational. The consultant would (a) complete a diagnosis of crucial Boeing LRV problems; (b) determine the number of Boeing LRVs to be retrofitted and prepare retrofit specifications; (c) negotiate costs, reliability improvement goals, and other terms of the retrofit program with the manufacturer; (d) issue a notice-to-proceed; and (e) provide inspection and test services.
- Work with Alcatel, the manufacturer of ATCS, to improve the ATCS system by (a) resolving existing operational reliability and safety concerns (e.g., expediting vehicle repairs, solving portal entry problems, etc.); (b) adequately testing the remaining ATCS software prior to its introduction; and (c) providing assessment reports of Alcatel computer problems. Additional Alcatel technicians would be involved in the implementation of this initiative.
- Implement other initiatives, such as forming driver and maintenance teams dedicated to a subset of LRV cars, and reducing maintenance yard congestion.

Performance Goals

The consultant's progress in implementing the service improvement program would be tracked against four measures: (1) the increase in the operational fleet that can be sustained throughout each day; (2) a reduction in the frequency of line failures that result in significant

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delays; (3) a reduction in the average system delay for each line failure; and (4) an increase in on-time performance. The interim milestones for LRV service are shown in the table below:

Performance Measure	Recent Performance	Goals ^(a)		
		March 3, 1999	May 1, 1999	August 31, 1999
Daily Fleet In Service (Number of Vehicles)	72 ^(b)	80	85	95
Line Failures Per Month	To be quantified ^(c)	20 percent improvement	40 percent improvement	60 percent improvement
Average System Delay Per Line Failure	Approx. 40 minutes ^(b)	30 minutes	20 minutes	10 minutes
Headway management, On-time Performance	To be quantified ^(c)	70 percent on time	80 percent on time	90 percent on time

Notes:

- (a) Successful completion of goals will be based on a 14-consecutive-calendar-day rolling average, within the 30-day period commencing on the milestone date.
- (b) According to Muni, these measures were proposed by Booz Allen and agreed to by Muni. Muni does not have historical records for these measures.
- (c) Recent performance must be determined within 30 days of notice-to-proceed (by January 2, 1998), and is to be based upon a quantification of performance between September 3, 1998 and October 3, 1998.

The consultant is entitled to an incentive fee of 10 percent of actual costs incurred between the commencement date of December 2, 1998 and the first milestone date of March 3, 1999, if all of the service improvements for that milestone date are achieved, as determined by the Muni Action Team. In addition, if the consultant achieves all of the service improvements for each of the successive milestone dates of May 1, 1999 and August 31, 1999, the consultant is entitled to an additional 10 percent of incremental costs incurred during those milestone periods. Cumulative incentive payments cannot exceed \$409,901 under this provision. Additionally, as noted above, if the consultant sustains the above service improvements through December 31, 1999, the consultant is entitled to an incentive fee of 20 percent rather than 10 percent of costs, up to a maximum of \$888,182.

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However, the contract further provides that, if Muni does not substantially satisfy its responsibilities, as specified under Muni's Responsibilities below, and implement the consultant's recommendations that are considered feasible, the consultant would still be entitled to a 10 percent incentive fee for the applicable milestone period, even if none of the goals are achieved and there is no improvement in Muni service whatsoever. The contract further states that the City's sole and exclusive remedy for the consultant's failure to achieve the service improvement goals is the non-payment of any incentive fee.

Muni's Responsibilities

In addition to paying Booz Allen \$5,329,091 for the consulting contract, Muni is required under the proposed Booz Allen contract to provide additional funding of at least \$5.4 million over the 13-month period of the contract for the items below:

<u>Description</u>	<u>Amount</u>
Provisions for Muni personnel to conduct activities such as failure management drills, special tests, and additional training.	To be determined
Breda LRV repair services for existing wrecks and contingencies for future damage	\$1,000,000
Breda LRV Parts and Additional Services	600,000
Breda LRV Technicians	1,000,000
Alcatel ATCS Technicians	500,000
Alcatel ATCS Parts and Engineering Support	1,300,000
Boeing LRV Parts	<u>1,000,000</u>
Total	\$5,400,000

Muni advises that \$1.6 million is available from previously appropriated Proposition B Sales Tax funds for Breda LRV repair services (\$1,000,000) and Breda LRV parts (\$600,000) through December 31, 1999. Of the \$3.8 million balance, this supplemental appropriation request would appropriate \$2,046,000 to cover the seven-month period from December 2, 1998 through June 30, 1999 for

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the remaining four items listed in the table above, which are discussed in further detail below under Required Muni Expenditures in Connection with Booz Allen Contract for FY 1998-99. Muni advises that it will include the remaining \$1,754,000 (\$3,800,000 less \$2,046,000) for the six-month period from July 1, 1999 through December 31, 1999 in its FY 1999-2000 budget request.

Muni's other responsibilities with regard to the consulting contract include establishing purchasing agreements with Alcatel and Breda and providing the necessary key and support personnel for the Action Team.

Other Contract Provisions

- Muni may submit task orders to the consultant to perform additional services that are beyond the scope of the existing contract, subject to the certification of the availability of adequate funds by the Controller. Therefore, it is unknown at this time how much in additional City funds would be paid to Booz Allen over and above this subject contract, which provides payments to Booz Allen of up to \$5,329,091.
- The City may terminate the contract for the City's convenience and without cause at any time by providing 15 days written notice.
- The consultant's hourly billing rates range from \$79.34 to \$224.76 per hour.

Required Muni Expenditures in Connection with Booz Allen Contract for FY 1998-99 (\$2,046,000)

As noted above, in addition to paying Booz Allen up to \$5,329,091 for the consulting contract, MUNI is required under the contract to make additional expenditures of at least \$5.4 million over the 13-month period of the contract. Of this amount, this supplemental appropriation request would provide \$2,046,000 to fund the following items for the seven-month period from December 2, 1998 through June 30, 1999:

Breda LRV Technicians \$538,461
Muni will accept service delivery of the last 25 of 77 Breda LRVs ordered in 1991 by March, 1999. Muni's existing contract with Breda provides maintenance and operating manuals and basic training for Muni operating and maintenance staff. Additionally, four Breda technicians are provided on site to troubleshoot malfunctioning vehicles. However, according to Ms. Whelan the level of technical support and related training provided under this contract is insufficient to sustain daily vehicle demands, resulting in vehicles that are "on hold" due to the lack of parts or technicians to troubleshoot problems. This request would provide funding for additional troubleshooting and extensive training for Muni personnel by Breda technicians in order to help ensure that daily vehicle needs are met. Muni advises that such services were not included in the original contract with Breda.

Alcatel ATCS Technicians \$269,231
Muni's current contract with Alcatel provides three technicians to support Muni with diagnosing and, when possible, repairing computer problems related to ATCS. Additionally, the Alcatel technicians perform acceptance testing of new vehicles and provide engineering support for Alcatel troubleshooting exercises. As with the existing Breda contract, the level of technical support in the current contract with Alcatel is inadequate to ensure that peak vehicles demands are met. This request would provide funding for additional Alcatel technical experts to expedite troubleshooting and failure recovery and provide extensive training to Muni personnel. Muni advises that such services were not included in the original contract with Alcatel.

Alcatel ATCS Parts and Engineering Support \$700,000
This would fund (a) a blanket purchase order for Alcatel parts through June 30, 1999; and (b) Alcatel engineering support to address hardware and software problems related specifically to portal entry by Metro trains.

Boeing LRV Parts \$538,308
This would provide funding through June 30, 1999 for Light Rail Vehicle supplies to repair Boeing LRVs under the consultant's Boeing Emergency Retrofit Campaign.

Other Muni Improvements (\$5,929,000)

Muni is requesting \$5,929,000 in order to fund the following initiatives designed to improve Muni service:

Reduction in Budgeted Attrition Savings \$1,165,000
The Controller's salary and fringe benefit expenditure/projection report for the pay period ending October 16, 1998, projects a surplus of approximately \$7.5 million (\$2.3 million in salaries and \$5.2 million in fringe benefits). However, according to Ms. Whelan, that calculation does not capture certain expenditures required during the remainder of FY 1998-99, as shown below:

Controller's Projected Surplus in Salaries & Fringe Benefits as of 10/16/98	\$7,508,000
<u>Less:</u>	
Retiree Health Subsidy Payment	(2,783,000)
Health Service Administration Payment	(459,000)
Fill 100 Transit Operator vacancies	(2,124,000)
Fill 30 Transit Supervisor vacancies	(1,207,000)
Fill 63 vacant maintenance positions	(1,300,000)
Estimated Department-wide mid-year COLA	(800,000)
Projected Salary and Fringe Benefit Shortfall	(\$1,165,000)

The proposed supplemental appropriation ordinance includes \$1,074,130 for permanent salaries and \$90,870 for fringe benefits, for a total of \$1,165,000, to fund Muni's projected shortfall in these categories for FY 1998-99, based on the anticipated additional expenditures shown above.

Muni Operating Positions \$264,000
Muni is requesting two new 9131 Station Agent positions (1.0 FTE in FY 1998-99) to relay information between Muni's Central Control Unit and Station Agents located at each Metro station, who will then provide this information to passengers. Additionally, Muni is

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requesting six new 9139 Transit Supervisor positions (3.0 FTE in FY 1998-99), to be stationed at the entrances to critical portals in the Metro system so that they can effectively traffic the trains and therefore limit the number of non-communicating ACTS trains that enter the tunnels. Muni advises that the purpose of this request for six new positions is to address concerns of the National Transportation Safety Board. According to Muni, this measure will decrease the number of system shutdowns and maintain consistent Metro service. Budget details for this request are as follows, assuming a hiring date of January 8, 1999:

<u>9131 Station Agents:</u>	
\$1,871 biweekly x 12.3 pay periods	
x 2 positions	\$46,027
<u>9239 Transit Supervisors:</u>	
\$2,287 biweekly x 12.3 pay periods	
x 6 positions	<u>168,781</u>
Subtotal - Permanent Salaries	\$214,808
Fringe Benefits @ 23%	<u>49,406</u>
Total	\$264,214

The proposed supplemental appropriation ordinance includes \$243,355 for permanent salaries and \$20,645 for fringe benefits, for a total of \$264,000, to pay for the eight requested new positions from January 8, 1999 through June 30, 1999.

Muni further advises that, because of the demanding nature of work, employees in the 9140 Transit Manager I classification in Muni Metro's Central Control unit often transfer to other Muni divisions at their earliest opportunity. To address this issue, the Department of Human Resources (DHR) has created a new classification, the 9150 Train Controller, at the same annual rate of pay of \$69,087 at Step 5 as the 9140 Transit Manager I classification, for Muni Central Control staff. According to Ms. Whelan, this will result in staff who are dedicated to Central Control operations, thereby causing less disruption. The proposed amendment to the FY 1998-99 Annual Salary includes the addition of 14 Train Controller positions and the deletion of 14 Transit Manager I positions in the Central Control unit in order to reflect this new classification.

Civil Service Examinations \$300,000

Muni advises that, in the recent past, the results of the Transit Manager I and II examinations have been disputed and thrown out, resulting in a large number of provisional employees.² Muni is now requesting \$300,000 to contract with an outside consultant to conduct examinations for three classifications: Transit Manager I, Transit Manager II, and Train Controller. According to Ms. Whelan, contracting out the examination process will shift the responsibility and the cost of justifying and defending the examination results from the City to the contractor. In addition, the results of the examination process are less likely to be disputed if all interested parties perceive the process to be without bias, according to Ms. Whelan. This request of \$300,000 would pay for three exams at a cost of \$100,000 per exam, based on an estimate provided by Cooperative Personnel Services (CPS), an outside testing firm. Muni advises that the testing services would be competitively procured.

Materials and Supplies Shortfall \$2,200,000

According to Ms. Whelan, there continues to be a structural deficit in the budget for materials and supplies. This shortfall is caused by long lead times for the delivery of certain parts and supplies, often requiring that items ordered in the fourth quarter of the current fiscal year be paid for in the next fiscal year using that fiscal year's appropriation, since an inadequate amount of encumbrances are carried forward. Muni's calculation of its projected shortfall in materials and supplies for FY 1998-99 is as follows:

FY 98-99 Budget – Materials & Supplies	\$16,770,000
FY 97-98 Carry Forward	<u>3,240,000</u>
Total Sources	\$20,010,000
FY 1997-98 Actual Expenditures	\$16,721,331
FY 1997-98 Encumbrance Balance	<u>4,445,000</u>
Subtotal	\$21,166,331
Inflation @ 5%	<u>x 1.05</u>
Projected FY 1998-99 Expenditures	\$22,224,647
Projected Expenditure Shortfall	(\$2,214,647)

² Provisional employees are employees who are hired pending successful completion of the Civil Service Examination and therefore have not yet received permanent status.

The proposed supplemental appropriation ordinance includes \$2,200,000 to offset Muni's projected expenditure shortfall in Materials and Supplies.

Vehicle Parts & Supplies – Bus Engines \$2,000,000

Muni is requesting \$2,000,000 to purchase 25 M.A.N. engines (\$55,000 per engine) and 25 transmissions (\$25,000 per transmission) for articulated diesel buses with engines that can no longer be repaired or rebuilt. According to Ms. Whelan, 80 M.A.N. diesel coaches were purchased in 1984 and exceeded their economic useful life in 1996. Many of these coaches have become difficult and costly to maintain. Muni advises that 20 of the 80 M.A.N. coaches are already planned and funded for full rehabilitation, including engine replacements. While an order for new articulated diesel coaches will be placed soon, the new vehicles will not be delivered for approximately 2-1/2 years. Muni advises that this subject request to fund an engine replacement program will ensure that vehicle availability will be maintained or improved until the new articulated coaches arrive in approximately 2001. In addition, Ms. Whelan advises that Muni will also request additional funding of \$1,375,000 for 25 more replacement engines in its FY 1999-2000 budget.

*Muni Fare Revenue and BART Payment
(\$5,500,000)*

Muni Passenger Fares \$3,600,000

Muni advises that passenger fare revenue in most categories, including Fast Passes, Youth Passes, cable car fares, and cash fares, are lower than during the same period last year and that the actual fare revenues are not meeting the budgeted revenue totals. Muni advises that this revenue decrease is primarily attributable to significant losses in service during the first weeks of ATCS implementation in August, 1998. According to Ms. Whelan, while revenue from July through October, 1998 was an estimated \$1.2 million or 3.6 percent lower than budgeted revenues for that period, actual revenue for November, 1998 indicates that a recovery is beginning. Muni anticipates an overall revenue shortfall of

\$3,571,073 in passenger fares through June 30, 1999, or 3.7 percent under budgeted revenues of \$97,536,025 for FY 1998-99, consisting of shortfalls in cash fares (\$1,584,634), cable car fares (\$699,097), Fast Passes (\$473,569), Youth Passes (\$220,203) and various other fare revenues (\$593,570).

In addition, Muni is requesting \$67,000 to fund the suspension of Muni fares on New Year's Eve between the hours of 8 p.m. and 3 a.m. in order to improve public safety and traffic conditions. An ordinance adopting the suspension of fares on New Year's Eve was recommended for approval by the Finance Committee at its Special Meeting of December 9, 1998. This \$67,000 amount consists of \$32,000 in fare losses based on past experience on New Year's Eve and \$35,000 for additional Muni service on New Year's Eve.

Due to rounding, the proposed ordinance includes \$3,600,000 for passenger fares, or \$38,073 less than Muni's projected need of \$3,638,073.

Payment to BART - Use of Fast Pass \$1,900,000
Muni pays BART \$0.76 for each trip on which a Muni Fast Pass is used to ride BART within the City. In FY 1997-98, Muni paid BART approximately \$6.6 million for 8.6 million trips. Muni's FY 1998-99 budget for Fast Pass usage on BART is \$5,816,000. With the implementation of ATCS, Muni anticipated that more passengers would use Muni Metro rather than BART. However, actual billings from BART indicate that through October, 1998, there have been over 3.0 million trips, or a 17.6 percent increase over the same period last year, resulting in payments to BART of \$2,287,067. Muni advises that the increased usage of Fast Pass on BART is due to the sharp decrease in Metro service during the ATCS implementation. While Muni anticipates that the use of the Fast Pass on BART will decline, this will not be sufficient to offset the losses through October, 1998. Muni estimates that a total of 10.2 million trips will be taken on BART in FY 1998-99, an 18.3 percent increase over FY 1997-98. Payments to BART will be an estimated \$7,746,146, or \$1,930,146 more than budgeted expenditures of \$5,816,000. Due to rounding, the

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proposed ordinance includes \$1,900,000 for the payment to BART for Fast Pass usage, or \$30,146 less than Muni's projected need of \$1,930,146.

Muni is currently in negotiations with BART concerning an adjustment to BART's \$0.76 per trip rate. According to Ms. Whelan, BART's current rate of \$0.76 per trip will remain in effect for the remainder of FY 1998-99, regardless of the outcome of the negotiations with BART.

Comments:

1. The contract with Booz Allen Hamilton has been reviewed and recommended by the Muni Management Council, a committee formed by the Mayor to address Muni's problems. The council consists of the Controller, the City Attorney, the Purchaser, the Director of Human Resources, and the -Executive Director of the Transportation Authority.

2. The table below shows the Budget Analyst's total estimated costs for the Muni Metro Recovery Project and other Muni improvements:

	12/2/98 - 6/30/99 ^(a)	7/1/99 - 12/31/99	Total for Contract Period ^(b)	On-going Annual Expenditures
Muni Metro Recovery Contract	\$2,630,000	\$2,699,091	\$5,329,091	--
<u>Contract-Related Expenditures:</u>				
Breda LRV Services & Parts ^(c)	\$861,538	\$738,462	\$1,600,000	--
Breda LRV Technicians	538,461	461,539	1,000,000	--
Alcatel ATCS Technicians	269,231	230,769	500,000	--
Alcatel ATCS Parts	700,000	600,000	1,300,000	--
Boeing LRV Parts	538,308	461,692	1,000,000	--
Subtotal	\$2,907,538	\$2,492,462	\$5,400,000	--
<u>Other Muni Improvements:</u>				
Reduced Attrition Savings	\$1,165,000	\$1,800,000	\$2,965,000	\$3,600,000
New Operating Positions	264,000	280,323	544,323	560,647
Civil Service Examinations	300,000	--	300,000	--
Materials & Supplies	2,200,000	1,100,000	3,300,000	2,200,000
Vehicle Parts - Supplies	2,000,000	1,375,000	3,375,000	--
Subtotal	\$5,929,000	\$4,555,323	\$10,484,323	\$6,360,647
TOTAL	\$11,466,538	\$9,746,876	\$21,213,414	\$6,360,647

Notes:

(a) This column does not total to the subject request of \$16,105,000 because it includes \$861,538 for Breda LRV services and parts, which will be funded by

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previously appropriated Proposition B Sales Tax funds, and excludes the revenue shortfall in Muni passenger fares (\$3.6 million) and the payment to BART (\$1.9 million), totaling \$5.5 million.

- (b) Total for entire contract period (from December 2, 1998 through December 31, 1999).
- (c) This item will be funded with previously appropriated Proposition B Sales Tax funds and is therefore not included in this supplemental appropriation request.

As reflected in the table above, the total estimated cost of the Muni Recovery Project, which includes the Muni Metro Recovery contract with Booz Allen, Muni's contract-related expenditures, and other Muni service improvements, would be \$21,213,414 over the 13-month term of the contract (through December 31, 1999). This supplemental appropriation request would fund \$10,605,000 of this cost during FY 1998-99 (consisting of the FY 1998-99 total of \$11,466,538 shown above less \$861,538 for Breda LRV services and parts, which will be funded with previously appropriated Proposition B Sales Tax funds). The total costs just for the Muni Metro Recovery contract (\$5,329,091) and other Muni expenditures in connection with the contract (\$5,400,000) would be \$10,729,091 over the term of the contract. The Budget Analyst estimates that Muni will have to include an additional \$12,188,738 in its FY 1999-2000 budget request in order to fund Muni Recovery Project costs through June 30, 2000. Additionally, annual on-going costs for new positions, reduced attrition savings and materials and supplies would be an estimated \$6,360,647.

3. Muni issued a notice to proceed to Booz Allen Hamilton on December 2, 1998 prior to obtaining approval of the Board of Supervisors for the required funds. As such, expenditures are currently being incurred against the proposed supplemental appropriation ordinance. The proposed ordinance (File 98-2010) should therefore be amended to provide for ratification of actions previously taken.

4. The contract with Booz Allen Hamilton was executed by Muni on a sole source basis. According to Ms. Whelan, Booz Allen Hamilton is uniquely qualified to develop management solutions and provide support services that will result in critical improvements to the Muni Metro system and that Booz Allen has extensive experience in

prior and current contracts with Muni. Unlike Muni's previous contracts with Booz Allen Hamilton, the current contract with Booz Allen in the amount of \$5,329,091 is for the provision of management consulting services, not engineering services. Ms. Whelan further advises that, in addition to Booz Allen Hamilton's extensive knowledge and understanding of Muni's system through its experience with Muni's ATCS and Breda LRV procurements, Booz Allen Hamilton has provided management and engineering consulting services to similar rail transit systems throughout the world, including London, Hong Kong, and Boston. Moreover, Ms. Whelan advises that retaining Booz Allen Hamilton for this contract will result in no time wasted in learning the maintenance issues, technology, and service parameters of the Metro system. Muni advises that this sole source contract was approved by the Human Rights Commission and the Civil Service Commission.

5. Although Muni advises that it has had several contracts with Booz Allen Hamilton to perform engineering design and inspection services since 1989, as of the writing of this report, Muni was unable to provide the precise number of contracts. Of these contracts, there have been four related to the Muni Metro, under which Booz Allen has provided engineering consulting services on the ATCS and LRV Replacement Program. Muni advises that these contracts were awarded on a competitive basis. The table below shows the contract amounts and actual expenditures for these four contracts.

<u>Description</u>	Actual	<u>Completion Date</u>	<u>Contract Amount</u>	<u>Expenditures To Date</u>
	<u>Start Date</u>			
ATCS Project I	1/31/89	1/31/98	\$8,811,425	\$8,811,425
LRV 2 Replacement Project	4/1/89	5/30/97	8,985,230	8,985,230
LRV 3 Replacement Project	10/10/97	10/10/02	6,354,821	4,368,730
ATCS Project II	1/29/98	1/29/01	<u>4,000,000</u>	<u>1,415,486</u>
Total			\$24,151,476	\$23,580,871

6. Between August 1, 1998 and December 10, 1998, Muni accepted delivery of 16 new Breda LRV vehicles. Seven more Breda vehicles are expected to be accepted between December 17, 1998 and February 11, 1999, for a total 23

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new Breda LRVs that will be placed into service between August, 1998 and March, 1999. In addition, Muni has placed an order for 59 more Breda LRVs, which are expected to be delivered starting in November, 1999, to be completed by August, 2001. Further, Muni's FY 1998-99 "no excuses" budget was approved by the Board of Supervisors in the amount recommended by the Mayor totaling \$333,145,441, or \$26,881,217 more than the \$306,264,224 budget approved for Muni in FY 1997-98.

In the professional judgment of the Budget Analyst, even without the proposed contract with Booz Allen, Muni service should improve in any event as a result of the on-going delivery of 82 new LRVs, as Muni becomes more proficient with the new Advanced Train Control System (ATCS), and as the planned new hiring under Muni's "no excuses" budget is executed. On the other hand, there is no guarantee of improved service on Muni under the proposed contract with Booz Allen, there are no penalties if Booz Allen fails to meet the performance goals, and, if it is found that Muni has failed to meet its financial and other responsibilities under the contract, the City must still pay Booz Allen the incentive fee of up to \$888,182, even if there is no improvement whatsoever in Muni service. The Budget Analyst further notes that the service improvements included in the contract, including the number of 72 used as the daily number of LRVs in service, were proposed by Booz Allen and agreed to by Muni, and that Muni does not have historical records for these measures.

The Budget Analyst questions whether the proposed contract with Booz Allen has been fully justified, and whether Muni management is not itself capable of making the necessary improvements using existing resources as well as the additional funds totaling \$10,605,000 which have been allocated for other initiatives in this subject supplemental appropriation request.

7. The Budget Analyst recommends the following reductions to the proposed supplemental appropriation ordinance (File 98-2010):

- Muni based its FY 1998-99 expenditure projection for materials and supplies on its FY 1997-98 actual expenditures, plus inflation of 5.0 percent. The Budget Analyst believes that an inflation rate of 3.0 percent is more realistic, given the current economic climate. As such, the Budget Analyst recommends a reduction in materials and supplies of \$414,000, from \$2,200,000 to \$1,786,000, based on Muni's FY 1997-98 actual expenditures, plus 3.0 percent inflation.
- During the annual budget process, the Board of Supervisors approved 28 new 9139 Transit Supervisor positions in Muni's FY 1998-99 budget to conduct additional training classes for 9163 Transit Operators, and thereby address the staff shortages in that class. This supplemental request includes funding to fill 30 vacancies in the 9139 Transit Supervisor class. Nevertheless, since June, 1998, Muni has been able to reduce the number of vacant 9163 Transit Operator positions from 220 to 100, without the assistance of the 30 new Transit Supervisor positions approved in the FY 1998-99 budget. As such, the Budget Analyst recommends that Muni use some of the existing vacancies in the Transit Supervisor class to perform the needed functions for which Muni is currently requesting six new Transit Supervisor positions, and is recommending against the approval of these six new positions. The subject request should therefore be reduced by \$207,600 (based on \$2,813 salary and fringe benefits per pay period x 12.3 pay periods x six positions). Muni responds that the purpose of this request for six new positions is to address concerns of the National Transportation Safety Board.
- The request of \$1,165,000 for a reduction in budgeted attrition savings should be reduced by \$448,592 to \$716,408 in order to (a) reflect attrition among the remaining 100 Transit Operator positions to be filled; and (c) reduce the salary for the remaining vacant Transit Operator positions from Step 5 to Step 3.
- Muni receives most of the parking fine revenues and a portion of the parking garage revenues generated by the Department of Parking and Traffic (DPT).

According to Ms. Kathryn Hile of DPT, DPT is currently projecting a surplus of approximately \$713,586 in General Fund garage revenues and a shortfall of approximately \$313,175 in parking fine revenues for FY 1998-99, for a net surplus of \$400,411. Muni's projected shortfall of \$3,571,073 in passenger fare revenues should be partially offset by this surplus. Thus, Muni's request of \$3,600,000 for passenger fare revenues should be reduced by \$400,411 to \$3,199,589.

- This request includes \$807,692 for two professional services contracts with Breda LRV Technicians (\$538,461) and Alcatel ACTS Technicians (\$269,231) for the seven-month period from December 2, 1998 through June 30, 1999. According to Ms. Whelan, these contracts most likely will not commence until approximately December 17, 1998. Therefore, the subject request for these two contracts should be reduced by \$57,692, from \$807,692 to \$750,000, to reflect the 6-1/2 month period from December 17, 1998 through June 30, 1999.

The Budget Analyst's total recommended reductions are \$1,528,295, from \$16,105,000 to \$14,576,705.

Summary:

The contract with Booz Allen Hamilton was executed by Muni on a sole source basis. Muni issued a notice to proceed to Booz Allen Hamilton on December 2, 1998, prior to obtaining approval of the Board of Supervisors for the required funds. Under the proposed contract with Booz Allen Hamilton, the City would pay Booz Allen up to \$5,329,091 to assist Muni in improving the Muni Metro system. However, under the contract with Booz Allen, it is unknown at this time how much in additional City funds would be paid to Booz Allen over and above the proposed contract amount of up to \$5,329,091, since the contract states that Muni may submit task orders to Booz Allen to perform additional services.

This supplemental appropriation request would provide \$2,630,000 in order to fund the FY 1998-99 portion of this contract. In addition to paying Booz Allen up to \$5,329,091, Muni is required under the proposed contract to provide additional funding of at least \$5.4 million over

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the contract's 13-month period, of which \$2,046,000 is included in the subject supplemental appropriation request. Overall, the Booz Allen contract and its related Muni expenditures will cost the City \$10,729,091 through December 31, 1999. In addition, other Muni service improvements included in this supplemental request will cost \$5,929,000 in FY 1998-99. The total estimated cost of the Muni Recovery Project, including the Muni Metro Recovery contract, contract-related expenditures, and other Muni service improvements, would be \$21,213,414 over the 13-month term of the contract. The Budget Analyst estimates that Muni will have to include an additional \$12,188,738 in its FY 1999-2000 budget request in order to fund Muni Recovery Project costs through June 30, 2000. Additionally, annual on-going costs after FY 1999-2000 would be an estimated \$6,360,647.

The contract with Booz Allen includes incentive payments of up to \$888,182, based on the consultant's ability to achieve certain service improvement goals. However, if Muni does not satisfy its financial responsibilities under the contract and implement the consultant's recommendations that are considered feasible, Muni is still required under the terms of the contract to pay Booz Allen incentive payments, even if none of the goals are achieved and there is no improvement whatsoever in Muni service. The contract further states that the City's sole and exclusive remedy for the failure on the part of Booz Allen to achieve the service improvement goals is the non-payment of any incentive fee. However, Booz Allen would still receive the base contract payment of \$4,440,909. There is no guarantee of improved service on Muni and there are no penalties if Booz Allen fails to meet the performance goals under the proposed contract. The Budget Analyst further notes that (a) the service improvements included in the contract, including the number of 72 used as the daily number of LRVs in service, were proposed by Booz Allen and agreed to by Muni, and (b) Muni does not have historical records for these measures. Moreover, Muni does not maintain readily available data on other performance measures included in the contract, such as line failures per month

and headway management/on-time performance, which are yet to be quantified.

Although Muni advises that it has had several contracts with Booz Allen Hamilton to perform engineering design and inspection services since 1989, as of the writing of this report, Muni was unable to provide the precise number of contracts. The City has made payments to Booz Allen Hamilton totaling \$23,580,871 since 1989 for four such contracts. Meanwhile, Muni service has deteriorated. Although many factors contributed to this deterioration, the fact remains that service has not improved under Muni's past experience with Booz Allen. Even without the proposed contract with Booz Allen, Muni service should improve in any event as a result of the on-going delivery of 82 new LRVs between August, 1998 and August, 2001, as Muni becomes more proficient with the new Advanced Train Control System (ATCS), and as the planned new hiring under Muni's "no excuses" budget is executed. The Budget Analyst therefore questions whether the proposed contract with Booz Allen has been fully justified, and whether Muni management is not itself capable of making the necessary improvements using existing resources as well as the additional funds totaling \$10,605,000 which have been allocated for other initiatives in this supplemental appropriation request.

In response, the Mayor's Office advises that a primary justification for the contract with Booz Allen is to better manage the limited resources available for improving Muni service.

Recommendations:

1. Amend the proposed supplemental appropriation ordinance (File 98-2010) in order to provide for ratification of actions previously taken, in accordance with Comment No. 2.
2. The proposed contract with Booz Allen Hamilton should be amended to (a) prohibit any incentive payments to Booz Allen Hamilton unless the service improvement goals contained in the contract are achieved, and/or (b) provide for financial penalties against Booz Allen if Booz Allen fails to meet the stated service improvement goals.

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3. Amend the proposed supplemental appropriation ordinance (File 98-2010) by reducing the amount by \$1,528,295, from \$16,105,000 to \$14,576,705, in accordance with Comment No. 7, as reflected in the table below:

<u>Program/Line Item</u>	<u>Requested Amount</u>	<u>Budget Analyst's Recommended Amount</u>	<u>Budget Analyst's Recommended Reduction</u>
<u>Finance/Admin./Personnel:</u>			
Transit Cash Fares	\$3,600,000	\$3,199,589	\$400,411
Other Professional Services	2,630,000	2,630,000	0
Other Professional Services	300,000	300,000	0
Payment to Other Government	<u>1,900,000</u>	<u>1,900,000</u>	<u>0</u>
Subtotal - Finance/Admin./Personnel	\$8,430,000	\$8,029,589	\$400,411
<u>Muni Maintenance:</u>			
Permanent Salaries	\$243,355	\$51,989	\$191,366
Fringe Benefits	20,645	4,411	16,234
Other Professional Services	807,692	750,000	57,692
Rail Vehicle Supplies	<u>3,438,308</u>	<u>3,024,308</u>	<u>414,000</u>
Subtotal - Muni Maintenance	\$4,510,000	\$3,830,708	\$679,292
<u>Muni Transit Operations:</u>			
Permanent Salaries	\$1,074,130	\$660,528	\$413,602
Fringe Benefits	90,870	55,880	34,990
Vehicle Parts - Supplies	<u>2,000,000</u>	<u>2,000,000</u>	<u>0</u>
Subtotal - Muni Operations	<u>\$3,165,000</u>	<u>\$2,716,408</u>	<u>\$448,592</u>
Total	\$16,105,000	\$14,576,705	\$1,528,295

4. Amend the proposed ordinance (File 98-2011) to delete the requested six (3.0 FTE in FY 1998-99) new 9139 Transit Supervisor positions.

5. Approval of the proposed supplemental appropriation ordinance (File 98-2010) and the proposed ordinance (File 98-2011), as amended, is a policy matter for the Board of Supervisors.

Item 11 – File 98-2047

Department: Department of Public Works (DPW)

Item: Ordinance approving the Pedestal-Mounted Newsrack Agreement by and between the City and County of San Francisco and Adshel, Inc., which allows for the provision, installation and maintenance of pedestal mounted newsracks on public property; approving an indemnification of the contractor by the City for all claims initiated by a publisher holding a permit for a newsrack box or other publisher concerning the newsracks, their operation or the Agreement with Adshel, Inc., and authorizing the Director of the Department of Public Works to make changes to the Department of Public Works Director's orders incorporated by references in the Agreement with Adshel, Inc.

Description: In June of 1998, the Board of Supervisors approved an ordinance (File 98-515) which added a new Section 184.12 regulating the placement and maintenance of newsracks on public streets, sidewalks and rights-of-way to prohibit free-standing newsracks in specified areas of the City referred to as Fixed Pedestal Newsrack Zones, and establishing an annual Fixed Pedestal Newsrack permit and permit fee to be paid by publishers.

The subject ordinance would approve an Agreement between the City and the Contractor, Adshel, Inc., requiring the provision, installation and maintenance by Adshel, Inc. of up to 1,000 fixed pedestal newsracks at no cost to the City, in exchange for the right by Adshel, Inc. to place and sell advertising on the back side of 450 such newsracks to be located in the Downtown Area (see Comment No. 2). The proposed Agreement would have a term of 20 years from the start date, which is defined in the Agreement as the date when all required permits and approvals have been issued for the 450 fixed pedestal newsracks containing advertising panels.

Under the proposed Agreement, Adshel, Inc. must provide, install and maintain up to 1,000 fixed pedestal newsracks at no cost to the City. According to Ms. Angela Karikas of the City Attorney's Office, the sole obligation of

BOARD OF SUPERVISORS
BUDGET ANALYST

the City is that the City must grant Adshel, Inc. the exclusive right to place and offer for sale advertising on 450 fixed pedestal units in the Downtown Area. The City would not be obligated to make any monetary payments to Adshel, Inc. except and to the extent the City exercises its option to purchase the fixed pedestal newsracks at fair market value,¹ which becomes an option in the 19th year of the contract. According to Mr. Dan Brugman of DPW, the reason the City might want to purchase the fixed pedestal newsracks is that the City may want to continue the Fixed Pedestal Newsrack Program beyond the term of the Agreement with Adshel, Inc.

Under the proposed Agreement, Adshel, Inc. must make the following payments to the City: (1) a one time fee of \$1,000 for each of 11 Fixed Pedestal Zone permits (which are based on the 11 Board of Supervisors Districts as approved by the voters under a Charter amendment in November of 1996 to become effective in the first general election of the year 2000), or \$11,000, and (2) a one time fee of \$10 for each of the 1,000 fixed pedestal newsracks to be installed, or approximately \$10,000, for a total estimated one time payment of \$21,000.

Additionally, the proposed agreement with Adshel, Inc. would require Adshel, Inc. to pay the City an annual Percentage Advertising Fee, beginning the calendar year following the fifth anniversary of the installation of up to 1,000 fixed pedestal newsracks. The Fee, which is calculated according to a formula described in Section 1.11 of the proposed contract, is summarized as follows: the Newsrack Advertising Fee minus Accumulated Credits where the Newsrack Advertising Fee is defined as 5 percent of gross revenues over \$2 million annually, and Accumulated Credits are defined as those costs borne by Adshel resulting from City actions such as City-initiated relocations of newsracks, loss of advertising revenue, or Possessory Interest Tax amounts in excess of \$100,000 in any year (see Comment No. 7). According to Ms. Barbara Moy of DPW, DPW is unable to estimate the amount of revenue the City would collect from such Percentage Advertising Fees.

¹ The proposed Agreement defines Fair Market Value as the unamortized cost of a Fixed Pedestal Newsrack unit based on a ten year amortization schedule.

In accordance with the previously approved ordinance, File 98-515, publishers of newspapers distributed through the fixed pedestal newsracks are required to pay to DPW a Fixed Pedestal Box Permit Fee of \$30 per year for each newsrack box. Newsrack box is defined as the individual space within a fixed pedestal newsrack unit which dispenses a newspaper or other periodical, including the door, coin return mechanism and associated hardware.

The goal of the Fixed Pedestal Newsrack Program is to replace approximately 12,000 free standing newsracks throughout the City with 1,000 fixed pedestal newsrack units containing an average of eight boxes each. As such, DPW estimates the permit fees of \$30 per newsrack box will generate approximately \$240,000 per year (1,000 newsracks x eight boxes each x \$30 each). This amount of \$240,000 payable to the City by the publishers is in addition to the \$21,000 total one time fee payable by Adshel, Inc. to the City. Mr. Dan Brugman of DPW reports that the \$30 annual box permit fee is intended to recover costs incurred by the City to implement, administer and enforce the Fixed Pedestal Newsrack Program, and DPW may request the Board of Supervisors to adjust such fees up or down after the first year when the actual administrative costs to the City are known.

Section 1.13 of the proposed Agreement contains hold harmless and indemnification provisions as follows:

A. "Contractor shall indemnify and save harmless City and its officers, agents and employees from, and, if requested, shall defend them against any and all loss, damage, injury, liability, and claims thereof for injury to or death of a person, including employees of Contractor or loss of or damage to property, resulting from Contractor's performance of the Agreement, including but not limited to the use of Contractor's facilities or equipment provided by City or others, regardless of the negligence of and regardless of whether liability without fault is imposed or sought to be imposed on City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of City and is not contributed to any act of, or by any omission to perform some duty imposed by law or agreement on Contractor, its subcontractors or either's agent or employee."

B. "In addition to Contractor's obligation to indemnify City, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend City from any claim which actually or potentially falls with this indemnification provision, even if the allegations are or may be groundless, false or

fraudulent, which obligation arises at the time such claim is tendered to Contractor by City and continues at all times thereafter."

According to Ms. Karikas, the above two indemnification provisions, which provide for the Contractor to indemnify the City, are standard and serve to protect the City.

C. "Contractor shall indemnify and hold City harmless from all loss and liability, including reasonable attorney's fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark and all other intellectual property claims of any person or persons in consequence of the use by City, or any of its officers or agents, of articles or services to be supplied by Contractor in the performance of this Agreement."

Ms. Karikas reports that the above provision related to patent rights is a requirement of the Administrative Code for contracts such as the proposed Agreement.

D. "City shall indemnify, protect, defend and hold harmless Contractor from and against any and all claims, damages, causes of action, costs and expenses, including attorneys' fees, court costs, brought or initiated by any Permit Holder or publisher in any way connected with or related to the Fixed Pedestal Units, their operation or this Agreement, except where such claims, damages causes of action, costs and expenses are the result of the negligence or willful misconduct of the Contractor."

Ms. Karikas notes that the above provision, in which the City agrees to indemnify the Contractor from and against any claims brought by publishers, is unique and was negotiated as part of this proposed Agreement by DPW because the City permits, regulates and collects fees from the publishers and because the publishers relate only to the City regarding the fixed pedestal newsracks.

Comments:

1. According to Mr. Brugman, DPW issued a Request for Proposals (RFP) which had three respondents and a five-member DPW panel selected Adshel, Inc. in June of 1998 based on the experience and qualifications of Adshel, the fact that Adshel, Inc. was the only respondent to offer a share of advertising revenue to the City, and because the proposal from Adshel, Inc. was considered to be the most responsive to the RFP. The Attachment to this report, provided by DPW, is a list of all companies who responded to the DPW RFP.

2. As noted above, the subject Agreement allows for advertising on the back side of 450 newsracks located in the Downtown Area, which is defined as the geographic area of the City bounded on the south by the southerly line of Berry Street (including the south sidewalk), on the westerly line of Polk Street (including the west sidewalk) extended north to the shoreline of the Bay and on the east to the shoreline of the Bay.

Currently, State laws and regulations prohibit advertisements on Van Ness Avenue. The Agreement states that if such laws and regulations are ever amended to allow advertising on Fixed Pedestal Newsracks on Van Ness Avenue, then the western border of the Downtown Area would be changed to the westerly line of Van Ness Avenue (including the westerly sidewalk).

2. Mr. Brugman reports that it is the intention of Adshel, Inc. to install lighting on the back side of the 450 newsracks that contain advertising on the back side, in order that the advertisements be visible at night. Installation of lighting would require Adshel, Inc. to secure additional permits and approvals and to pay additional fees to the City's Public Utilities Commission and DPW for electricity and sidewalk excavation costs.

3. Section 2.04 of the proposed Agreement states that the City shall designate the locations for all fixed pedestal newsracks to be installed by Adshel, Inc. According to Mr. Brugman, DPW has identified a list of 650 possible sites, contained in Appendix C of the Agreement, within the Downtown Area from which Adshel, Inc. may choose to locate the 450 fixed pedestal units with advertising. The remaining sites, which will number up to 550 and be without advertising, will be selected by the Director of DPW according to guidelines currently under formulation by DPW staff.

4. As noted above, the proposed Agreement provides that Adshel, Inc. would provide, install and maintain up to 1,000 pedestal mounted newsracks, of which a minimum of 450 would be located in the Downtown Area and 450 newsracks in the Downtown Area would be permitted to contain advertising. The City would determine the precise

number of fixed pedestal newsracks without advertising, up to 550. According to Mr. Brugman, DPW wants the flexibility and control to determine the appropriate number of newsracks located in the City, which may vary as neighborhoods and pedestrian traffic patterns change.

5. Mr. Brugman notes that under the proposed Agreement, if the Director of DPW finds the content of any advertisements offensive, then the Director may require Adshel, Inc. to remove the offense advertisement from the newsrack. Also, the proposed Agreement prohibits advertising of tobacco products or the display of any company name producing, selling, or distributing tobacco products.

6. The proposed Agreement would reserve 35 fixed pedestal units, with locations to be determined by the City, for the display of public service advertisements.

7. The proposed Agreement includes a provision which would cap the Possessory Interest Tax at \$100,000. The Assessor's Office currently places a value on public rights-of-way on which the fixed pedestal newsracks will be located at \$76,000. In the event the total Possessory Interest Tax due to the City exceeds \$100,000, the excess shall be credited against payments made by Adshel, Inc. to the City for the Percentage Advertising Fee.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

City and County of San Francisco



Willie Lewis Brown, Jr., Mayor
Mark A. Primeau, AIA, Director and City Architect




(415) 554-6920
FAX (415) 554-6944
<http://www.sfdpw.com>

Department of Public Works
Office of the Director
875 Stevenson Street, Room 410
San Francisco, CA 94103-0934

MEMORANDUM

Date: December 11, 1998

To: Harvey Rose
Budget Analysts

From: Daniel Bruggmann 
News Rack Program Manager

Re: Response to the RFP

We received RFP submittals from the following:

Adshel Inc.
City Solutions
San Francisco Newspaper Agency

If you have any further questions, please do not hesitate to call me at 554-6917.

Item 12 - File 98-2063

Item: Hearing to consider the Budget Analyst's follow-up review of the Budget Analyst's 1995 Management Audit of the Tax Collector's Office.

Description: In April of 1995, the Budget Analyst completed a Management Audit of the Tax Collector's Office, which included 11 findings and 81 recommendations. In November of 1997, the Board of Supervisors directed the Budget Analyst to conduct a follow-up performance review of the Tax Collector's Office to determine the progress and status of the implementation of the recommendations contained in the Budget Analyst's Management Audit Report of 1995. The Board of Supervisors requested both the 1995 Management Audit and the Follow-up Review in order to assist the Tax Collector in his efforts to improve the efficiency and effectiveness of his Office.

The Follow-up Review, dated December 1, 1998, which was recently issued to the Board of Supervisors, identifies each of the Budget Analyst's recommendations made in 1995 and discusses the Tax Collector's progress in implementing each of these recommendations. In addition, further recommendations to improve the efficiency of operations, improve internal controls, reduce costs and increase revenues are included.

Our report found that the Tax Collector's Office has fully or partially implemented 54 of the 81 recommendations made by the Budget Analyst in the 1995 Management Audit Report and that the Tax Collector has made significant progress in solving the problems identified at that time. In fact, the number of registered businesses in San Francisco has increased from 57,885 in FY 1994-95 to 70,467 in FY 1997-98, an increase of 12,582 businesses, or approximately 22 percent. Business Payroll and Gross Receipts Taxes and Business Registration Fees have increased from \$159,020,000 in FY 1995-96 to \$225,745,000 in FY 1997-98, an increase of \$66,725,000, or approximately 42 percent, since the audit was completed. While the Tax Collector and

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the Budget Analyst acknowledge that these percentage changes during these periods are related to San Francisco's economic growth, the Tax Collector also acknowledges that, although the specific amount cannot be separated, "a substantial percentage must be linked to improvements enacted in accordance with the 1995 Audit recommendations".

This Follow-up Review also contains a written response from the Tax Collector's Office and from the Animal Care and Control Department, which addresses Section II.2: Dog Licenses discussed in the report.

Item 13 – File 98-1719

Department: Tax Collector

Item: Resolution urging the Tax Collector to conduct an audit of Transient Occupancy Tax (Hotel Tax) payments to the City from 240 San Francisco Single Room Occupancy (SRO) hotels with 50 or fewer units.

Description: According to Mr. Richard Sullivan, Tax Collector, Single Room Occupancy (SRO) hotels are composed of rooms that are single person occupancy only and rented to guests on a hourly, weekly or monthly basis. Mr. Sullivan states that all hotels in San Francisco are required to reimburse the City for the Hotel Tax charged on each hotel room at the daily rate of 14 percent for guests who stay at the hotel for less than 30 consecutive days. The exception to this requirement is hotel operators renting accommodations to guests at less than \$30 per day or \$100 per week. Mr. Sullivan states that payments from the Hotel Tax to the City are required to be remitted on a monthly basis. If such payments are not remitted within 30 days of the scheduled monthly payment date, then a penalty of 20 percent of the delinquent payment and interest at 1 percent are imposed each month that the payments remain delinquent, in addition to the base Hotel Tax monies due.

Mr. John Madden of the Controller's Office states that in FY 1998-99, Hotel Tax is projected to generate revenues, totaling \$163,580,035, for the City. According to Mr. Sullivan, \$160,036 of the total Hotel Tax of \$163,580,035 is generated from SRO hotels with 50 or fewer units.

Mr. Sullivan reports that the internal controls pertaining to revenue collections by the operators at SRO hotels with 50 or fewer units are sometimes inadequate, which, in turn, may lead to the underreporting of Hotel Taxes due to the City.

Approval of the proposed resolution would urge the Tax Collector to conduct an audit for the approximately four-year period from October 1, 1994 to September 10, 1998 of a representative sample of 48, or 20 percent, of the 240

SRO hotels in the City with 50 or fewer units to determine whether or not those hotels have fully paid all Hotel Taxes which are due to the City.

Comments:

1. Mr. Sullivan reports that presently 47, or 19.6 percent, of the 240 SRO hotels owe the City \$47,843 in delinquent Hotel Taxes plus \$5,054 in penalties and \$6,891 in interest charges for total delinquent charges of \$59,788 owed to the City.

2. Mr. Sullivan advised the Budget Analyst that the subject audit would be conducted with existing staff. Based on an estimate of 768 to 864 hours to complete the proposed audit, the total estimated cost of the audit would range from \$119,969 to \$134,965, according to Mr. Sullivan, but as previously noted, the audit would be conducted with existing staff, within the Tax Collector's existing budget.

3. The attached memo from Mr. Sullivan discusses potential revenue collections from the proposed subject audit.

Recommendation:

Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Attachment

Out of 10% sampling, 29% is paying and 71% non-paying (Non-paying because Hotel Operators claimed for Hotel Tax exemptions per Sec. 506, Article 7 of the SF. Hotel Tax Ordinance).

Of total population of 10% sampling (24), only 29% is paying, the equivalent of 7 accounts ($7/24 = .29$) Extrapolated, out of 240 accounts, approximately 70 accounts are paying.

Given the above information, it is not easy to estimate the collection to be realized as a result of the audit because the proposed subject audit may come up to a zero audit or in other words, the audit may result in a findings that majority of the Hotel Operators is in complete compliance with the Hotel Tax Ordinance.

Item 14 - File 98-1923

Note: This item was continued by the Finance Committee at its meeting of December 9, 1998. The City Attorney's Office has requested that this item be heard in closed session.

Departments: Recreation and Park Department (RPD)

Item: Resolution approving the first amendment to the lease between the City of San Francisco and the Golden Gate Yacht Club (Club) (a) to reduce the rental rate from 10% to 7.5% of gross monthly revenues, representing a reduction of 25% payable by the Golden Gate Yacht Club to the City, and (b) to reduce the lease term from 40 years to 30 years.

Location: Marina Yacht Harbor

Purpose of Lease Agreement: To operate and recreational boating and racing oriented yacht club.

Lessor: City and County of San Francisco

Lessee: Golden Gate Yacht Club (the Golden Gate Yacht Club)

No. of Square Feet: Under the terms of the original lease agreement, the subject property consists of a total land and water area of 31,256 square feet.

Term of Lease: The current term of the lease is 40 years, commencing June 1, 1992 and terminating on May 31, 2032. The proposed lease amendment would reduce the current term of the lease by 10 years, from 40 years to 30 years, expiring on May 31, 2022.

Rental Payment from Lessee to City: Under the original lease, the rental rate is 10% of gross receipts. The proposed rental rate is 7.5% of gross receipts.

Attachment 1 provided by Mr. Ernie Prindle of the Recreation and Park Department contains the annual gross revenues and annual rental payments due from the Club to the City over the past five years under the rental rate of 10% and the projected annual gross revenues and projected rental payments due from the Club to the City under the proposed rental rate of 7.5% for the remaining 23 years of the proposed reduced lease term.

Based on the data contained in Attachment 1, Mr. Prindle projects, that over the remaining 23 years of the proposed reduced lease term, the City would receive \$734,841 less from the Club at the proposed rental rate of 7.5% than the City would receive at the existing rental rate of 10%.

**Fair Rental Rate
Adjustment:**

Under the proposed amended lease, the rent would be adjusted to fair market rent on June 1, 2002 and on June 1, 2012. Mr. Prindle, states that he is unable to project the fair market rentals at those times and whether such adjustments to the fair market rentals will result in higher or lower rental rates.

Description:

The Golden Gate Yacht Club is a nonprofit operation which, under the terms of the original lease provides a "clubhouse with amenities for family type participation," "a meeting room and dining facilities," for the "use of marine oriented organizations," "yacht club functions," and "banquet and event functions." In April of 1992, the Board of Supervisors adopted Ordinance No. 25-92 which approved a lease between the Golden Gate Yacht Club and the City and County of San Francisco for the purpose of operating a yacht club.

On April 10, 1997, the City gave a notice of default to the Golden Gate Yacht Club regarding certain alleged breaches by the Golden Gate Yacht Club of its obligation under the Lease to pay percentage rent, install and maintain bookkeeping and accounting methods, maintain adequate books and records and provide auditors reports to the City. The Golden Gate Yacht Club disputes all of these allegations.

The Club now reports that the 10% rental rate, to which it had previously agreed on in the existing lease, was too high. According to Mr. Prindle, the Golden Gate Yacht Club presently owes the City approximately \$200,000 in back rent.

To settle these claims, Mr. Ernie Prindle of the RPD advises that the proposed lease amendment would authorize a reduction in the rental rate from 10% to 7.5% of monthly gross revenue, but would also reduce the term of the lease by ten years, from 40 years to 30 years.

BOARD OF SUPERVISORS
BUDGET ANALYST

Comments:

1. Attachment 2 is a memo provided by Mr. Prindle pertaining to the justification for reducing the proposed monthly rent payable to the City by 25% from 10% to 7.5%. Notwithstanding this justification, Mr. Prindle has estimated a loss of \$734,841 in rental revenues to the City due to this proposed rental rate reduction.

2. As previously noted, the proposed legislation, in addition to reducing the rent payable to the City, would also reduce the terms of the lease by 10 years. However, in response to inquiries made by the Budget Analyst, Mr. Prindle could not state that a new lease would not be made with the Golden Gate Yacht Club at the end of the proposed reduced term of 30 years.

3. An independent appraisal dated August 28, 1997 was performed to determine the fair market rental rate. Comparables used were deli and port restaurants, with percentage rent ranging from 7% to 11%. As restaurants, these comparables do not address the other aspects of the Club beyond the Club's restaurant. The appraiser concluded that a market rental rate of 9% of gross receipts would be reasonable. Subsequent to the first appraisal, the Department of Real Estate requested another review of the matter, in response to which a supplemental addendum letter from the same appraiser dated November 25, 1997 was subsequently presented to the Recreation and Park Department, finding that the proposed rental rate of 7.5% would be reasonable, assuming a food and beverage operation that is subject to the Yacht Club's membership rules and regulations. (See Comment 5).

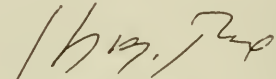
4. Mr. Tony Delucchi, Director of Real Estate stated that the appraiser was retained by the Department of Real Estate on behalf of the Recreation and Park Department. However, Mr. Delucchi states that he was not involved in the appraisal which served as the basis for the proposed rental rate reduction.

5. Attachment 3 is a copy of the addendum letter from the appraiser which responds to the "subsequent request" by the Real Estate Department to determine "whether or not a rent of 7.5% of food and beverage sales was reasonable, assuming an operation that is impacted by

BOARD OF SUPERVISORS
BUDGET ANALYST

sales generated by membership only and no public access."

Recommendation: Disapprove the proposed resolution. The Budget Analyst has not been provided with sufficient factual information which would justify a 25 percent reduction in rent payable by the Golden Gate Yacht Club to the City. As noted above, presently the Club is delinquent in the amount of \$200,000 in its rental payments to the City.


Harvey M. Rose

cc: Supervisor Teng
President Kaufman
Supervisor Newsom
Supervisor Ammiano
Supervisor Bierman
Supervisor Brown
Supervisor Katz
Supervisor Leno
Supervisor Medina
Supervisor Yaki
Supervisor Yee
Clerk of the Board
Controller
Gail Feldman
Matthew Hymel
Stephen Kawa
Ted Lakey

Year	Annual Gross Revenue	Rent at 10 Percent	Rent at 7.5 Percent	Difference
1993-94	\$ 840,691	\$ 84,069	\$ 63,052	\$ 21,017
1995	\$ 598,744	\$ 59,874	\$ 44,906	\$ 14,969
1996	\$ 623,861	\$ 62,386	\$ 46,790	\$ 15,597
1997	\$ 638,038	\$ 63,804	\$ 47,853	\$ 15,951
1998	\$ 664,804	\$ 66,480	\$ 49,860	\$ 16,620
1999-2022	\$ 26,027,507	\$ 2,602,751	\$ 1,952,063	\$ 650,688
Total	\$ 29,393,643	\$ 2,839,364	\$ 2,204,523	\$ 734,841

Notes/Assumptions

*Gross revenue includes deduction for SBA loan payment.

*1993 Gross Revenue is for period March through December.

*1998 Gross Revenue includes 10 months actual and straight line projection for two months

*1999-2022 Gross Revenue assumes 4 percent increase per year based upon 1998 Gross Revenue as base. 2022 includes Gross Revenue only for 5 months.



December 10, 1998

TO: Budget Analyst
FROM: Emie Prindle *EP*
RE: Golden Gate Yacht Harbor

You have asked for a justification for the proposed reduction in rent for the Golden Gate Yacht Club from 10 to 7.5 percent of gross receipts. This reduction is based on an independent appraisal of the fair market rent for the property in question conducted through the Real Estate Department. To offset this reduction in rent for the first ten years of the lease, the Club has agreed that the rent would be adjusted to the fair market rent in the years 2002 and 2012. This modification will insure that the City receives a fair rent for the entire term of the lease. Moreover, the lease term would be reduced from 40 to 30 years, which is favorable to the City.

Please let me know if you need any further information on this issue.

McLaren Lodge, Golden Gate Park
501 Stanyan Street
San Francisco, CA 94117-1898

FAX: (415) 831-2099
Phone: (415) 831-2700

ERNST & ASSOCIATES, INC.

Hospitality and Real Estate Consulting and Appraisal Services

Attachment 3

Page 1 of 3

November 25, 1997

Ms. Suzanne Mellen, MAI
HVS International
116 New Montgomery Street, Suite 620
San Francisco, CA 94105

Dear Ms. Mellen:

Ernst & Associates is pleased to present this addendum letter, summarizing our major conclusions, findings and recommendations in connection with an analysis of comparable rents for the first floor of the Golden Gate Yacht Club, located in San Francisco, California. This addendum letter is subject to all of the major assumptions and/or limiting conditions set forth in our executive letter dated August 28, 1997.

Background and Objectives

The City and County of San Francisco, a Municipal Corporation, acting by and through the Recreation and Park Commission (Lessor) leases the Golden Gate Yacht Club dining and banquet facilities to the Golden Gate Yacht Club (Lessee). The facilities are comprised of a two-story building which is located on the San Francisco Marina, near the St. Francis Yacht Club. The City of San Francisco would like to know what the market rent would be if they leased back the downstairs portion of the building from the yacht club operator.

Originally, we confirmed with Mr. Harry Quinn that the City was interested in determining a flat rent, on a per square foot basis, not impacted by the constraints of a yacht club operation (i.e., sales generated by membership only and no public access). The findings of our original work was documented in a separate report.

This addendum letter responds to a subsequent request by Mr. Quinn to determine, if possible, what other yacht club food and beverage lease terms were and whether or not a rent of 7.5% of food and beverage sales was reasonable, assuming an operation that is impacted by sales generated by membership only and no public access.

Scope of Work

We attempted to identify comparable facilities for purposes of our analysis. Our research included telephone calls to the following:

Susan L. Ernst, SCREA
2402 Vineyard Road
Novato, California 94947
415.898-0588 FAX: 415.898-0678

Affiliated With:
Ceri K. Eastley, MAI
Eastley & Associates
100 Chaparral Court, Suite 226
Anahelm Hills, California 92808-2236

HVS International
November 25, 1997

- Katherine McDermott, Dept. of Real Estate, Port of Long Beach
- Jim Rice, Dept. of Marine Leasing, Port of Seattle
- Gail Wasil, Superintendent of Leasing, Port of Long Beach
- Yvonne Clark, Dept. of Beaches and Harbors, Los Angeles County
- David Sandoval, City of San Diego Port District
- Dennis White, Port of Oakland
- Marla Smalits, Property Management Department, Port of Los Angeles (San Pedro)
- Manager, Corinthian Yacht Club, Tiburon
- Jim Dickson, Treasurer, Loch Lomond Yacht Club, San Rafael
- Manager, Inverness Yacht Club
- California Yacht Clubs, Southern California

The majority of the yacht clubs contacted would not respond to our request or indicated that they were unwilling to share data with us. The manager of the Corinthian Yacht Club indicated that they do pay a base minimum rent, plus a percentage rent, but was unwilling to divulge the actual amount. He indicated that to his knowledge, they were the only club in Marin County that leased the food and beverage facilities.

Mr. Rice at the Port of Seattle indicated that based on his experience, a rent that equated to about 6% of food and beverage sales was equitable.

Katherine McDermott mentioned that the North Harbor Restaurant, Port of Long Beach, which closed last month, catered to longshoremen and businessmen. This restaurant was not a tourist-oriented restaurant and did not have a "water theme". They charged the tenant 8% of food and beverage sales.

Gail Wasil, Port of Long Beach, indicated that all recent restaurant deals which involved city-owned buildings called for rent in the range of 6.5% to 8% of food and beverage sales, depending on specific lease criteria. The base rent was calculated on 7.5% of 75% of projected revenues.

During our original study, we concluded that rents were based primarily on a return on gross sales, and secondarily on a per square foot basis. The comparables indicate a fairly consistent range of rents, presented as a percentage of gross sales, ranging from 7% to 11%. Rents for full-service restaurants most frequently fall within a range of 6-8% of total sales. Limited-service restaurants and retail operations fall within a range of 9% to 11% of sales. We determined that the most reasonable way to estimate rent would be to first estimate sales; calculate rent as a percentage of gross and translate that into a rent per square foot.

During our original study, considering all factors, and assuming that the tenant was not impacted by the yacht club membership rules (i.e., access to the public) we concluded that the market rent for the Golden Gate Yacht Club's first floor would be reasonably stated at about 9% of gross sales or \$1.70 per square foot, whichever is greater.

Based on the input, as presented above, we believe that rent based on 7.5% of food and beverage sales is reasonable, assuming a food and beverage operation that is subject to the yacht club's membership, rules and regulations.

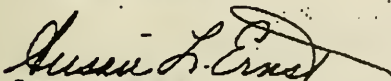
HVS International
November 25, 1997

Attachment 3
Page 3 of 3

Should we receive any further data or input from those contacted, subsequent to presentation of this letter, we will advise you immediately.

It has been our pleasure working with you on this project. We are available to discuss this addendum letter in detail upon your request.

Respectfully submitted,



Susan L. Ernst, ISHC
President

0.25

BOARD of SUPERVISORS

3/98

30/98

cele



401 Van Ness Avenue, Room 308
San Francisco 94102-4532
Tel. No. 554-5184
TDD No. 554-5227

NOTICE OF CANCELLED MEETING

FINANCE COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

NOTICE IS HEREBY GIVEN That the regularly scheduled Finance Committee meetings of Wednesday, December 23, 1998 and Wednesday, December 30, 1998, at 1:00 p.m., at 401 Van Ness Avenue, Room 410, have been cancelled.

A handwritten signature in cursive script, reading "Gloria L. Young".

Gloria L. Young
Clerk of the Board

Posted: 12/17/98

